



# MATATIELE

LOCAL MUNICIPALITY

Matatiele Local Municipality  
Unaudited Annual financial statements  
for the year ended 30 June 2016

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## General Information

---

### Members of the Council

M.M. Mbedla	<b>Mayor</b>
J. Bosman-Magangana	<b>Speaker</b>
P.A. Mohale	Chief Whip
P.M. Stuurman	Portfolio Head: Budget and Finance
N. Mshuqwana	Portfolio Head: Corporate Services
M.M. Mbobo	Portfolio Head: Community Services
N. Ngwanya	Portfolio Head: Special Programmes Unit
N.A. Nkukhu	Portfolio Head: EDP
S. Mngenela	Portfolio Head: Infrastructure Services
K.C. Biggs	EXCO Member
T.S. Maqhashalala	EXCO Member
T.V. Mongoato	Chairperson: MPAC
P.T. Hloele	Member
M. Lebesse	Member
N.B. Nkomo	Member
C.N. Sithole	Member
K.B. Pakkies	Member
C.N. Sambane	Member
S.A. Ndlela	Member
J.T. Tshabalala	Member (Elected 1 October 2015)
P.C. Ntsolo	Member
S. Baba	Member
I.N. Maketela	Member
S.M. Mzozoyana	Member
L.D. Shemane	Member (Deceased 31 May 2016)
P.Z. Bono	Member
N.N. Ndukwana	Member
T. Dyantyi	Member
C.L. Nxesi	Member
T.A. Mhlongo	Member
M.C. Setenane	Member
E.K. Sepuhle	Member
N.S.N. Paula	Member
S. Mavuka	Member
R.T. Mnika	Member
N.C. Ludidi-Mzonke	Member
S.B. Macuphe	Member
M. Tsoloane	Member
P.G. Muir	Member
A.M. Saliwawikwa	Member
N. Njobe	Member
S.A. Sello	Member
W. Potwana	Member
V.M. Mlandu	Member
J.Z. Munyu	Member
V.C. Sigalelana	Member
L.E. Stuurman	Member
K.B. Makholwa	Member
N.E. Kotelana	Member
P.T. Motjope	Member

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## General Information

---

	S. Mgolombane	Member
<b>Municipal Manager</b>	Dr D.C.T Nakin	
<b>Audit Committee members</b>	Adv. AR Duminy	<b>Chairperson</b>
	SJK Earle	Member
	TW Tsabo	Member
	N Thipa	(Resigned 02 December 2015)
<b>Chief Financial Officer</b>	Mr L. Ndzelu	
<b>Grading of local authority</b>	3	
<b>Registered office</b>	102 Main Street Matatiele 4730	
<b>Physical address</b>	102 Main Street Matatiele 4730	
<b>Postal address</b>	P.O. Box 35 Matatiele 4730	
<b>Bankers</b>	Nedbank	
<b>Auditors</b>	Auditor General	
<b>Tel Number</b>	039 737 3135	
<b>Fax Number</b>	039 737 3611	
<b>Email</b>	DNakin@matatiele.gov.za	

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Index

---

Index	Page
Accounting Officer's Responsibilities and Approval	4
Statement of Financial Position	5
Statement of Financial Performance	6
Statement of Changes in Net Assets	7
Cash Flow Statement	8
Statement of Comparison of Budget and Actual Amounts	9
Appropriation Statement	10 - 11
Accounting Policies	12 - 23
Notes to the Unaudited Annual Financial Statements	24 - 59

## **Matatiele Local Municipality**

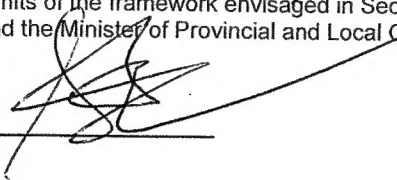
Unaudited Annual Financial Statements for the year ended 30 June 2016

### **Accounting Officer's Responsibilities and Approval**

---

I am responsible for the preparation of these Annual financial statements, which are set out on pages 5 to 59 in terms of Section 126(1) of the Municipal Finance Management Act and which I have signed on behalf of the Municipality.

I certify that the salaries, allowances and benefits of Councillors as disclosed in note 28 of these annual financial statements are within the upper limits of the framework envisaged in Section 219 of the Constitution, read with the Remuneration of Public Officer Bearers Act and the Minister of Provincial and Local Government's determination in accordance with this Act.



---

Dr. D.C.T Nakin  
Accounting Officer

31 August 2016

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Statement of Financial Position as at 30 June 2016

Figures in Rand	Note(s)	2016	2015
<b>ASSETS</b>			
<b>Current Assets</b>			
Inventories	2	965 648	675 752
Other receivables from non-exchange transactions	3	2 912 869	3 371 130
VAT receivable from exchange transactions	4	7 682 278	14 761 289
Prepayments	5	859 291	550 283
Trade receivables	6	31 723 845	18 205 724
Cash and cash equivalents	7	48 410 554	30 486 661
		<b>92 554 485</b>	<b>68 050 839</b>
<b>Non-Current Assets</b>			
Investment property	8	21 614 400	21 614 400
Property, plant and equipment	9	682 279 644	603 994 767
Intangible assets	10	420 740	672 497
		<b>704 314 784</b>	<b>626 281 664</b>
<b>Total Assets</b>		<b>796 869 269</b>	<b>694 332 503</b>
<b>LIABILITIES</b>			
<b>Current Liabilities</b>			
Payables from exchange transactions	11	29 489 366	28 174 641
Consumer deposits	12	278 959	295 684
Unspent conditional grants and receipts	13	4 030 357	5 805 348
Provisions	14	1 178 595	1 563 112
		<b>34 977 277</b>	<b>35 838 785</b>
<b>Non-Current Liabilities</b>			
Employee benefit obligations	15	10 789 296	8 698 503
Provisions	14	13 652 888	12 364 400
		<b>24 442 184</b>	<b>21 062 903</b>
<b>Total Liabilities</b>		<b>59 419 461</b>	<b>56 901 688</b>
<b>Net Assets</b>		<b>737 449 808</b>	<b>637 430 815</b>
<b>NET ASSETS</b>			
Revaluation reserve	16	89 919 413	92 755 710
Accumulated surplus		647 530 395	544 675 105
<b>Total Net Assets</b>		<b>737 449 808</b>	<b>637 430 815</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Statement of Financial Performance

Figures in Rand	Note(s)	2016	2015
<b>Revenue</b>			
Service charges	18	54 644 655	44 702 491
Rental of facilities and equipment	19	587 861	693 989
Licences and permits	20	2 394 906	2 291 326
Other income	21	1 868 081	1 297 011
Interest earned	22	9 672 003	7 696 076
Property rates	23	24 193 575	19 111 649
Government grants & subsidies	24	264 756 645	220 840 603
Public contributions and donations	25	30 000	720 500
Fine receipts	26	2 737 103	1 821 294
<b>Total revenue</b>		<b>360 884 829</b>	<b>299 174 939</b>
<b>Expenditure</b>			
Employee related costs	27	(80 570 114)	(75 913 159)
Remuneration of councillors	28	(16 496 927)	(15 936 744)
Remuneration of traditional leaders	29	(378 000)	-
Landfill site provision contribution	14	(565 849)	(402 064)
Depreciation and amortisation	30	(22 849 678)	(20 919 273)
Finance costs	31	(5 439)	(15 300)
Debt Impairment	32	(6 682 271)	(2 249 057)
Repairs and maintenance	33	(11 290 120)	(12 524 895)
Bulk purchases	34	(34 110 668)	(28 923 865)
Contracted services	35	(15 099 373)	(13 477 250)
Conditional grants - Operating expenditure	36	(18 516 711)	(23 564 027)
General expenses	37	(54 026 827)	(44 038 711)
<b>Total expenditure</b>		<b>(260 591 977)</b>	<b>(237 964 345)</b>
<b>Operating surplus</b>		<b>100 292 852</b>	<b>61 210 594</b>
Gain / (loss) on sale of assets		(285 707)	(79 447)
<b>Surplus for the year</b>		<b>100 007 145</b>	<b>61 131 147</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Statement of Changes in Net Assets

Figures in Rand	Revaluation reserve	Accumulated surplus	Total net assets
Opening balance as previously reported	95 757 946	480 672 517	576 430 463
Adjustments			
Prior year adjustments	-	(32 059)	(32 059)
<b>Balance at 01 July 2014 as restated*</b>	<b>95 757 946</b>	<b>480 640 458</b>	<b>576 398 404</b>
Changes in net assets			
Writing off of stale cheques	-	21 660	21 660
Adjustment of Investment Property	-	(141 000)	(141 000)
Retention Adjustment	-	20 604	20 604
Transfer from Revaluation to Accumulated Surplus	(3 002 236)	3 002 236	-
Net income (losses) recognised directly in net assets	(3 002 236)	2 903 500	(98 736)
Deficit for the year	-	61 131 147	61 131 147
Total recognised income and expenses for the year	(3 002 236)	64 034 647	61 032 411
Total changes	(3 002 236)	64 034 647	61 032 411
<b>Balance at 01 July 2015</b>	<b>92 755 710</b>	<b>544 675 103</b>	<b>637 430 813</b>
Changes in net assets			
Writing off of stale cheques	-	11 850	11 850
Transfer from Revaluation to Accumulated Surplus	(2 836 297)	2 836 297	-
Net income recognised directly in net assets	(2 836 297)	2 848 147	11 850
Surplus for the year	-	100 007 145	100 007 145
Total recognised income and expenses for the year	(2 836 297)	102 855 292	100 018 995
Total changes	(2 836 297)	102 855 292	100 018 995
<b>Balance at 30 June 2016</b>	<b>89 919 413</b>	<b>647 530 395</b>	<b>737 449 808</b>
Note(s)	16		



# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Cash Flow Statement

Figures in Rand	Note(s)	2016	2015
<b>Cash flows from operating activities</b>			
<b>Receipts</b>			
Fine receipts		3 195 364	1 821 294
Sale of goods and services		88 604 274	52 692 663
Grants		262 981 654	220 192 526
Interest received		9 672 003	7 696 076
Other receipts		4 018 950	2 814 714
		<u>368 472 245</u>	<u>285 217 273</u>
<b>Payments</b>			
Employee costs		(97 445 041)	(92 088 426)
Suppliers		(113 212 262)	(92 387 708)
Finance costs		(5 439)	(15 300)
Other payments		(38 717 100)	(23 653 527)
		<u>(249 379 842)</u>	<u>(208 144 961)</u>
<b>Net cash flows from operating activities</b>	38	<b>119 092 403</b>	<b>77 072 312</b>
<b>Cash flows from investing activities</b>			
Purchase of property, plant and equipment	9	(101 503 393)	(104 247 764)
Proceeds from sale of property, plant and equipment		334 885	4 993
<b>Net cash flows from investing activities</b>		<b>(101 168 508)</b>	<b>(104 242 771)</b>
<b>Net increase in cash and cash equivalents</b>		<b>17 923 893</b>	<b>(27 079 741)</b>
Cash and cash equivalents at the beginning of the year		30 486 660	57 566 401
<b>Cash and cash equivalents at the end of the year</b>	7	<b>48 410 554</b>	<b>30 486 660</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Statement of Comparison of Budget and Actual Amounts

Budget on Cash Basis

	Approved budget	Adjustments	Final Budget	Actual amounts on comparable basis	Difference between final budget and actual	Reference
Figures in Rand						
<b>Financial Performance</b>						
<b>Revenue</b>						
<b>Revenue from exchange transactions</b>						
Service charges	54 444 926	-	54 444 926	54 644 655	199 729	
Rental of facilities and equipment	728 995	-	728 995	587 861	(141 134)	
Licences and permits	1 950 000	-	1 950 000	2 394 906	444 906	
Other income	-	-	-	1 868 081	1 868 081	
Interest received	7 581 257	-	7 581 257	9 672 003	2 090 746	
<b>Total revenue from exchange transactions</b>	<b>64 705 178</b>	<b>-</b>	<b>64 705 178</b>	<b>69 167 506</b>	<b>4 462 328</b>	
<b>Revenue from non-exchange transactions</b>						
<b>Taxation revenue</b>						
Property rates	34 365 483	-	34 365 483	24 193 575	(10 171 908)	
<b>Transfer revenue</b>						
Government grants & subsidies	258 435 000	6 423 969	264 858 969	264 756 645	(102 324)	
Public contributions and donations	-	-	-	30 000	30 000	
Fines	2 600 500	(500)	2 600 000	2 737 103	137 103	
<b>Total revenue from non-exchange transactions</b>	<b>295 400 983</b>	<b>6 423 469</b>	<b>301 824 452</b>	<b>291 717 323</b>	<b>(10 107 129)</b>	
<b>Total revenue</b>	<b>360 106 161</b>	<b>6 423 469</b>	<b>366 529 630</b>	<b>360 884 829</b>	<b>(5 644 801)</b>	
<b>Expenditure</b>						
Employee Related Costs	(99 325 658)	9 941 448	(89 384 210)	(80 570 114)	8 814 096	
Remuneration of councillors	(15 890 944)	(721 042)	(16 611 986)	(16 496 927)	115 059	
Remuneration of traditional leaders	-	(380 000)	(380 000)	(378 000)	2 000	
Landfill site provision contribution	(1 200 000)	600 000	(600 000)	(565 849)	34 151	
Depreciation and amortisation	(20 879 000)	(4 730 677)	(25 609 677)	(22 849 678)	2 759 999	
Finance costs	-	(6 000)	(6 000)	(5 439)	561	
Debt impairment	(5 000 000)	(2 050 000)	(7 050 000)	(6 682 271)	367 729	
Repairs and maintenance	(10 465 500)	(2 954 915)	(13 420 415)	(11 290 120)	2 130 295	
Bulk purchases	(34 000 000)	(120 000)	(34 120 000)	(34 110 668)	9 332	
Contracted services	(19 956 369)	2 804 786	(17 151 583)	(15 099 373)	2 052 210	
Conditional grants - Operating expenditure	(20 632 850)	(6 117 026)	(26 749 876)	(18 516 711)	8 233 165	
General Expenses	(62 618 779)	(2 808 612)	(65 427 391)	(54 026 827)	11 400 564	
<b>Total expenditure</b>	<b>(289 969 100)</b>	<b>(6 542 038)</b>	<b>(296 511 138)</b>	<b>(260 591 977)</b>	<b>35 919 161</b>	
<b>Operating surplus</b>	<b>70 137 061</b>	<b>(118 569)</b>	<b>70 018 492</b>	<b>100 292 852</b>	<b>30 274 360</b>	
Loss on disposal of assets and liabilities	-	(400 000)	(400 000)	(285 707)	114 293	
<b>Profit before taxation</b>	<b>70 137 061</b>	<b>(518 569)</b>	<b>69 618 492</b>	<b>100 007 145</b>	<b>30 388 653</b>	
<b>Actual Amount on Comparable Basis</b>	<b>70 137 061</b>	<b>(518 569)</b>	<b>69 618 492</b>	<b>100 007 145</b>	<b>30 388 653</b>	

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
<b>Financial Performance</b>											
Property rates	34 365 483	-	34 365 483	-	-	34 365 483	24 193 575		(10 171 908)	70 %	70 %
Service charges	54 444 926	-	54 444 926	-	-	54 444 926	54 644 655		199 729	100 %	100 %
Investment revenue	3 500 000	-	3 500 000	-	-	3 500 000	4 279 192		779 192	122 %	122 %
Transfers recognised - operational	258 435 000	6 423 969	264 858 969	-	-	264 858 969	264 756 644		(102 325)	100 %	102 %
Other own revenue	14 503 154	8 750	14 511 904	-	-	14 511 904	13 010 763		(1 501 141)	90 %	90 %
<b>Total revenue (excluding capital transfers and contributions)</b>	<b>365 248 563</b>	<b>6 432 719</b>	<b>371 681 282</b>	<b>-</b>	<b>-</b>	<b>371 681 282</b>	<b>360 884 829</b>		<b>(10 796 453)</b>	<b>97 %</b>	<b>99 %</b>
Employee costs	(99 325 658)	4 034 998	(95 290 660)	-	5 906 450	(89 384 210)	(80 570 114)	-	8 814 096	90 %	81 %
Remuneration of councillors	(15 890 944)	(590 000)	(16 480 944)	-	(511 042)	(16 991 986)	(16 874 929)	-	117 057	99 %	106 %
Debt impairment	(5 000 000)	(3 250 000)	(8 250 000)	-	200 000	(7 050 000)	(6 682 271)	-	367 729	95 %	134 %
Depreciation and asset impairment	(20 879 000)	-	(20 879 000)	-	(4 330 677)	(25 209 677)	(22 849 678)	-	2 359 999	91 %	109 %
Finance charges	-	-	-	-	(6 000)	(6 000)	(5 439)	-	561	91 %	DIV/0 %
Materials and bulk purchases	(44 465 500)	81 085	(44 384 415)	-	(3 156 000)	(47 540 415)	(45 441 150)	-	2 099 265	96 %	102 %
Transfers and grants	(20 632 850)	(6 117 026)	(26 749 876)	-	-	(26 749 876)	(18 516 711)	-	8 233 165	69 %	90 %
Other expenditure	(83 775 147)	(291 085)	(84 066 232)	-	1 086 259	(82 979 973)	(69 937 395)	-	13 042 578	84 %	83 %
<b>Total expenditure</b>	<b>(289 969 099)</b>	<b>(6 132 028)</b>	<b>(296 101 127)</b>	<b>-</b>	<b>188 990</b>	<b>(295 912 137)</b>	<b>(260 877 687)</b>	<b>-</b>	<b>35 034 450</b>	<b>88 %</b>	<b>90 %</b>
<b>Surplus/(Deficit)</b>	<b>75 279 464</b>	<b>300 691</b>	<b>75 580 155</b>	<b>-</b>	<b>-</b>	<b>75 769 145</b>	<b>100 007 142</b>		<b>24 237 997</b>	<b>132 %</b>	<b>133 %</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Appropriation Statement

Figures in Rand

	Original budget	Budget adjustments (i.t.o. s28 and s31 of the MFMA)	Final adjustments (i.t.o. s28 and s31 of the MFMA)	Shifting of funds (i.t.o. s31 of the MFMA)	Virement (i.t.o. council approved policy)	Final budget	Actual outcome	Unauthorised expenditure	Variance	Actual outcome as % of final budget	Actual outcome as % of original budget
Transfers recognised - capital	77 644 000	-	77 644 000	-		77 644 000	79 867 144		2 223 144	103 %	103 %
Surplus (Deficit) after capital transfers and contributions	152 923 464	300 691	153 224 155	-		153 413 145	179 874 286		26 461 141	117 %	118 %
Surplus/(Deficit) for the year	152 923 464	300 691	153 224 155	-		153 413 145	179 874 286		26 461 141	117 %	118 %
<b>Capital expenditure and funds sources</b>											
Capital expenditure											
Transfers recognised - capital	75 261 802	1 317 484	76 579 286	-		76 579 286	68 691 619		(7 887 667)	90 %	91 %
Borrowing	18 157 000	(18 157 000)	-	-		-	-		-	DIV/0 %	- %
Internally generated funds	50 187 601	(210 000)	49 977 601	-		49 977 601	32 811 773		(17 165 828)	66 %	65 %
Total sources of capital funds	143 606 403	(17 049 516)	126 556 887	-		126 556 887	101 503 392		(25 053 495)	80 %	71 %

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### 1.1 Presentation of Unaudited Annual Financial Statements

The unaudited annual financial statements have been prepared in accordance with the Standards of Generally Recognised Accounting Practice (GRAP) including any interpretations, guidelines and directives issued by the Accounting Standards Board.

These unaudited annual financial statements have been prepared on an accrual basis of accounting and are in accordance with historical cost convention unless specified otherwise.

A summary of the significant accounting policies, which have been consistently applied, are disclosed below.

#### Presentation currency

These unaudited annual financial statements are presented in South African Rand, which is the functional currency of the municipality.

#### Going Concern Assumption

These annual financial statements have been prepared on the assumption that the municipality will continue to operate as a going concern for at least the next 12 months.

#### Comparative Information

When the presentation or classification of items in the annual financial statements is amended, prior period comparative amounts are restated. The nature and reason for the reclassification is disclosed. Where accounting errors have been identified in the current year, the correction is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly. Where there has been a change in accounting policy in the current year, the adjustment is made retrospectively as far as is practicable, and the prior year comparatives are restated accordingly.

#### Standards, amendments to standards and interpretations issued but not yet effective

The following GRAP standards have been issued but are not yet effective and have not been early adopted by the municipality:

GRAP 20 Related Party Disclosures  
GRAP 32 Service Concession Arrangements: Grantor  
GRAP 108 Statutory Receivables  
IGRAP 17 Service Concession Arrangements Where a Grantor Controls a Significant Residual Interest in an Asset  
GRAP 109 Accounting by Principals and Agents

Adoption of these standards will have no material impact on future financial periods.

The following GRAP standard has been approved but is not required to be applied:

GRAP 18 Segment Reporting

#### Critical judgments, estimations and assumptions

In preparing the annual financial statements, management is required to make estimates and assumptions that impact on the municipality financial statements once implemented. Actual results in the future could differ from these estimates which may be material to the annual financial statements.

### 1.2 Investment property

Investment property is property (land or a building - or part of a building - or both) held to earn rentals or for capital appreciation or both, as well as land with no determinable future use.

Investment property is initially measured at cost. Transaction costs are included in the initial measurement.

Where investment property is acquired through a non-exchange transaction, its cost is its fair value as at the date of acquisition.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### Investment property (continued)

#### Subsequent measurement

Investment property is measured using the fair value model. Under the fair value model, investment property is carried at its fair value at the reporting date. Any gain or loss arising from a change in the fair value of the property is included in surplus or deficit for the period in which it arises.

### 1.3 Property, plant and equipment

#### Property, plant and equipment

Property, plant and equipment are tangible non-current assets (including infrastructure assets) that are held for use in the production or supply of goods or services, rental to others, or for administrative purposes, and are expected to be used during more than one period.

The cost of an item of property, plant and equipment is recognised as an asset when:

- it is probable that future economic benefits or service potential associated with the item will flow to the municipality; and
- the cost of the item can be measured reliably.

Property, plant and equipment is initially measured at cost.

The cost of an item of property, plant and equipment is the purchase price and other costs attributable to bring the asset to the location and condition necessary for it to be capable of operating in the manner intended by management. Trade discounts and rebates are deducted in arriving at the cost.

Where an asset is acquired through a non-exchange transaction, its cost is its fair value as at date of acquisition.

Where an item of property, plant and equipment is acquired in exchange for a non-monetary asset or monetary assets, or a combination of monetary and non-monetary assets, the asset acquired is initially measured at fair value (the cost). If the acquired item's fair value was not determinable, its deemed cost is the carrying amount of the asset(s) given up.

When significant components of an item of property, plant and equipment have different useful lives, they are accounted for as separate items (major components) of property, plant and equipment.

Costs include costs incurred initially to acquire or construct an item of property, plant and equipment and costs incurred subsequently to add to, replace part of, or service it. If a replacement cost is recognised in the carrying amount of an item of property, plant and equipment, the carrying amount of the replaced part is derecognized.

The initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located is also included in the cost of property, plant and equipment, where the entity is obligated to incur such expenditure, and where the obligation arises as a result of acquiring the asset or using it for purposes other than the production of inventories.

Recognition of costs in the carrying amount of an item of property, plant and equipment ceases when the item is in the location and condition necessary for it to be capable of operating in the manner intended by management.

The residual value of property, plant and equipment has been determined using historical data and market conditions. A base level of 20 percent is applied except where specific assets are deemed to vary significantly from this estimate.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### • Property, plant and equipment (continued)

#### SUBSEQUENT MEASUREMENT

The following categories of Property, plant and equipment are carried at the revalued amount, being the fair value at the date of revaluation less any subsequent accumulated depreciation and subsequent accumulated impairment losses:

- Land and Buildings
- Infrastructure
- Community Assets

The following categories of Property, plant and equipment are carried on the cost model, being the cost less accumulated depreciation and any impairment losses:

- Other property, plant and equipment
- Capital under construction

Capital under construction is not depreciated as the asset has not been brought into use yet. Land is not depreciated as it is deemed to have an indefinite useful life.

Revaluations are made every 5 years such that the carrying amount does not differ materially from that which would be determined using fair value at the end of the reporting period.

When an item of property, plant and equipment is revalued, any accumulated depreciation at the date of the revaluation is eliminated against the gross carrying amount of the asset and the net amount restated to the revalued amount of the asset.

Any increase in an asset's carrying amount, as a result of a revaluation, is credited directly to a revaluation surplus. The increase is recognised in surplus or deficit to the extent that it reverses a revaluation decrease of the same asset previously recognised in surplus or deficit.

Any decrease in an asset's carrying amount, as a result of a revaluation, is recognised in surplus or deficit in the current period. The decrease is debited directly to a revaluation surplus to the extent of any credit balance existing in the revaluation surplus in respect of that asset.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings when the asset is derecognised.

The revaluation surplus in equity related to a specific item of property, plant and equipment is transferred directly to retained earnings as the asset is used. The amount transferred is equal to the difference between depreciation based on the revalued carrying amount and depreciation based on the original cost of the asset.

#### DEPRECIATION

Property, plant and equipment are depreciated on the straight line basis over their expected useful lives to their estimated residual value.

Land is not depreciated as it is regarded as having an indefinite life. Depreciation on assets other than land is calculated on cost or revalued amount, using the straight line method, to allocate their cost to their residual values over the estimated useful lives of the assets. The depreciation method used reflects the pattern in which the assets future economic benefits or service potential are expected to be consumed by the municipality. Components of assets that are significant in relation to the whole asset and that have different useful lives are depreciated separately. The depreciation rates are initially based on the following originally estimated useful lives and thereafter on the estimated remaining useful lives as at year end:

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### Property, plant and equipment (continued)

Infrastructure:	Years	Community:	Years	Other:	Years
Roads and Paving	10-30	Improvements	25-30	Buildings	30
Electricity	20-30	Recreational facilities	15-20	Specialist vehicles	10
Water	15-20	Security	03-05	Other vehicles	05-10
Sewerage	15-20	<b>Components:</b>		Office equipment	03-07
Landfill Sites	10-65	Doors & Iron	08-15	Furniture and fittings	07-10
Housing	30	Doors & Iron(extensive)	15-30	Watercraft	15
Pedestrian Malls	20	Fittings	05-15	Bins and containers	05-10
		Fittings and fixtures	15-30	Specialised equipment	10-15
		Windows & glazing	08-15	Other plant and equip	02-15
		Windows & glazing (extensive)	15-30		
		External wall	20-30		
		External roof structure/covering	15-35		
		Floor structure	20-40		
		Floor finish	05-15		
		Wall painting	05-10		
		Wall structure (internal)	20-50		
		Drainage	10-30		
		Electrical	10-30		
		Plumbing	10-30		

Reviewing the useful life of an asset on an annual basis does not require the entity to amend the previous estimate unless expectations differ from the previous estimate.

Each part of an item of property, plant and equipment with a cost that is significant in relation to the total cost of the item is depreciated separately.

The depreciation charge for each period is recognised in surplus or deficit unless it is included in the carrying amount of another asset.

### 1.4. Intangible assets

An asset is identifiable if it either:

- is separable, i.e. is capable of being separated or divided from an entity and sold, transferred, licensed, rented or exchanged, either individually or together with a related contract, identifiable assets or liability, regardless of whether the entity intends to do so; or
- arises from binding arrangements (including rights from contracts), regardless of whether those rights are transferable or separable from the municipality or from other rights and obligations.

An intangible asset is recognised when:

- it is probable that the expected future economic benefits or service potential that are attributable to the asset will flow to the municipality; and
- the cost or fair value of the asset can be measured reliably

Intangible assets are initially recognised at cost.

Where an intangible asset is acquired through a non-exchange transaction, its initial cost at the date of acquisition is measured at its fair value as at that date.

Expenditure on research (or on the research phase of an internal project) is recognised as an expense when it is incurred.

An intangible asset arising from development (or from the development phase of an internal project) is recognised when:

- it is technically feasible to complete the asset so that it will be available for use or sale.
- there is an intention to complete and use or sell it.
- there is an ability to use or sell it.
- it will generate probable future economic benefits or service potential.
- there are available technical, financial and other resources to complete the development and to use or sell the asset.
- the expenditure attributable to the asset during its development can be measured reliably.



# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### Intangible assets (continued)

An intangible asset is regarded as having an indefinite useful life when, based on all relevant factors, there is no foreseeable limit to the period over which the asset is expected to generate net cash inflows or service potential. Amortisation is not provided for these intangible assets, but they are tested for impairment annually and whenever there is an indication that the asset may be impaired. For all other intangible assets amortisation is provided on a straight line basis over their useful life.

The amortisation period and the amortisation method for intangible assets are reviewed at each reporting date.

Reassessing the useful life of an intangible asset with a finite useful life after it was classified as indefinite is an indicator that the asset may be impaired. As a result the asset is tested for impairment and the remaining carrying amount is amortised over its useful life.

Internally generated brands, mastheads, publishing titles, customer lists and items similar in substance are not recognised as intangible assets.

Amortisation is provided to write down the intangible assets, on a straight line basis, to their residual values as follows:

Computer software, other	3-5 years
--------------------------	-----------

### SUBSEQUENT MEASUREMENT

Intangible assets are subsequently measured at cost less accumulated amortisation.

Intangible assets are derecognised:

- on disposal; or
- when no future economic benefits or service potential are expected from its use or disposal.

The gain or loss is the difference between the net disposal proceeds, if any, and the carrying amount. It is recognised in surplus or deficit when the asset is derecognised.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### 1.5 Financial instruments

#### Initial recognition and measurement

The entity recognises a financial asset or a financial liability in its Statement of Financial Position when, and only when, the entity becomes a party to the contractual provisions of the instrument. This is achieved through the application of trade date accounting.

Upon initial recognition the entity classifies financial instruments or their component parts as financial liabilities, financial assets or residual interests in conformity with the substance of the contractual arrangement and to the extent that the instrument satisfies the definitions of a financial liability, a financial asset or a residual interest.

#### Subsequent measurement

Financial instruments are classified as financial instruments at fair value through profit or loss where the financial instrument is either held for trading (including derivative instruments) or is designated as at fair value through profit or loss and are carried at fair value with any gains or losses being recognised in profit or loss. Fair value, for this purpose, is market value if listed or a value arrived at by using appropriate valuation models if unlisted.

#### Trade Receivables

Trade and other receivables are classified as loans and receivables and are measured at amortised cost less provision for doubtful debts, which is determined as set out under impairment of assets set out in policy note 1.7. Items with extended terms are initially recorded at the present value of future cash flows and interest received is accounted for over the term until payment is received. Write-downs of these assets are expensed in profit or loss.

#### Cash and cash equivalents

Cash and cash equivalents are measured at fair value.

#### Investments

Investments, which include listed government bonds, unlisted municipal bonds, fixed deposits and short-term deposits invested in registered commercial banks, are categorised as either held-to-maturity where the criteria for that categorisation are met, or as loans and receivables, and are measured at amortised cost. Where investments have been impaired, the carrying value is adjusted by the impairment loss, which is recognised as an expense in the period that the impairment is identified. Impairments are calculated as being the difference between the carrying amount and the present value of the expected future cash flows flowing from the instrument. On disposal of an investment, the difference between the net disposal proceeds and the carrying amount is charged or credited to the Statement of Financial Performance.

#### Financial Liabilities

Non-derivative financial liabilities that are not designated on initial recognition as financial liabilities at fair value through profit or loss are measured at amortised cost using the effective interest rate method. Items with extended terms are initially recorded at the present value of future cash flows.

#### Trade Payables

Trade payables are initially measured at fair value plus transaction costs that are directly attributable to the acquisition and are subsequently measured at amortised cost.

### 1.5 Leases

A lease is classified as a finance lease if it transfers substantially all the risks and rewards incidental to ownership. A lease is classified as an operating lease if it does not transfer substantially all the risks and rewards incidental to ownership.

When a lease includes both land and buildings elements, the entity assesses the classification of each element separately.

#### Operating leases - lessor

Operating lease revenue is recognised as revenue on a straight-line basis over the lease term.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### 1.6 Inventories

Inventories are initially measured at cost except where inventories are acquired through a non-exchange transaction, then their costs are their fair value as at the date of acquisition.

Subsequently inventories are measured at the lower of cost and net realisable value.

The cost of inventories is assigned using the first-in, first-out (FIFO) formula. The same cost formula is used for all inventories having a similar nature and use to the municipality.

When inventories are sold, the carrying amounts of those inventories are recognised as an expense in the period in which the related revenue is recognised. If there is no related revenue, the expenses are recognised when the goods are distributed, or related services are rendered. The amount of any write-down of inventories to net realisable value or current replacement cost and all losses of inventories are recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value or current replacement cost, are recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

### 1.7 Impairment of assets

The entity assesses at each reporting date whether there is an indication that an asset may be impaired. Where the carrying amount of an asset exceeds its recoverable amount (or recoverable service amount in the case of non-cash generating assets), the asset is considered impaired & is written down to its recoverable amount or recoverable service amount.

If the recoverable amount of an asset is estimated to be less than its carrying amount, its carrying amount is reduced to the higher of its recoverable amount and zero. Subsequent to the recognition of an impairment loss, the depreciation or amortisation charge for the asset is adjusted to allocate its remaining carrying value, less any residual value, over its remaining useful life.

Impairment losses on receivables are determined based on specific and objective evidence that assets are impaired and is measured as the difference between the carrying amount of assets and the present value of the estimated future cash flows discounted at the effective interest rate computed at initial recognition.

Impairment losses are recognised in profit or loss. If an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount but limited to the carrying amount that would have been determined had no impairment loss been recognised in prior years. A reversal of an impairment loss is recognised in the profit or loss.

### 1.8 Derecognition of assets and liabilities

Financial assets are derecognised when the contractual rights to receive cash flows have been transferred or have expired or when substantially all the risks and rewards of ownership have passed.

All other assets are derecognised on disposal or when no future economic benefits are expected from their use.

Financial liabilities are derecognised when the relevant obligation has either been discharged, cancelled or has expired.

### 1.9 Employee costs

These are all costs paid by an employer in exchange for services rendered by an employee. These include employee benefits such as salaries, bonuses, housing allowance, medical and other contributions, which are recognised in the income statement during the period in which the employee renders the related service. Detailed policies can also be noted under the Employee Benefits note.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### 1.10 Employee benefits

#### Short-term employee benefits

The cost of short-term employee benefits, (those payable within 12 months after the service is rendered, such as paid vacation leave and sick leave, bonuses, and non-monetary benefits such as medical care), are recognised in the period in which the service is rendered and are not discounted.

The expected cost of compensated absences is recognised as an expense as the employees render services that increase their entitlement or, in the case of non-accumulating absences, when the absence occurs.

The expected cost of surplus sharing and bonus payments is recognised as an expense when there is a legal or constructive obligation to make such payments as a result of past performance.

#### Defined contribution plans

Payments to defined contribution retirement benefit plans are charged as an expense as they fall due.

Payments made to industry-managed (or state plans) retirement benefit schemes are dealt with as defined contribution plans where the entity's obligation under the schemes is equivalent to those arising in a defined contribution retirement benefit plan.

#### Defined benefit plans

For defined benefit plans the cost of providing the benefits is determined using the projected credit method.

Actuarial valuations are conducted on an annual basis by independent actuaries separately for each plan.

Past service costs are recognised immediately to the extent that the benefits are already vested, and are otherwise amortised on a straight line basis over the average period until the amended benefits become vested.

All Actuarial gains and losses are recognised immediately in surplus or deficit when they occur.

The amount recognised in the statement of financial position represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service costs, and reduces by the fair value of plan assets.

### 1.11 Provisions and contingencies

Provisions are recognised when:

- the municipality has a present or constructive obligation as a result of a past event;
- it is probable that an outflow of resources embodying economic benefits or service potential will be required to settle the obligation; and
- a reliable estimate can be made of the obligation.

Where the effect of time value of money is material, the amount of a provision is the present value of the expenditure expected to be required to settle the obligation.

The discount rate is a rate that reflects current market assessments of the time value of money and the risks specific to the liability.

Contingent assets and contingent liabilities are not recognised. Contingencies are disclosed in note 45.

### 1.12 Revenue from exchange transactions

Revenue from exchange transactions refers to revenue that accrued to the municipality directly in return for services rendered / goods sold, the value of which approximates the consideration received or receivable.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### Revenue from exchange transactions (continued)

#### Recognition

Revenue from exchange transactions is only recognised once all of the following criteria have been satisfied:

- a) The entity retains neither continuing managerial involvement to the degree usually associated with ownership nor effective control over the goods sold;
- b) The amount of revenue can be measured reliably; and
- c) It is probable that the economic benefits or service potential associated with the transaction will flow to the entity and the costs incurred or to be incurred in respect of the transaction can be measured reliably.

#### Measurement

Revenue from exchange transactions is measured at the fair value of the consideration received or receivable taking into account the amount of any discounts and rebates allowed by the entity. Fair value is the amount for which an asset could be exchanged, or a liability, between knowledgeable, willing parties in an arm's length transaction.

Service charges relating to electricity are based on consumption. Meters are read on a quarterly basis and are recognised as revenue when invoiced. Provisional estimates of consumption are made monthly when meter readings have not been performed. The provisional estimates of consumption are recognised as revenue when invoiced. Adjustments to provisional estimates of consumption are made in the invoicing period in which meters have been read. These adjustments are recognised as revenue in the invoicing period.

Revenue from the sale of electricity prepaid meter cards is recognised at the point of sale.

Service charges relating to refuse removal are recognised on a monthly basis in arrears by applying the approved tariff to each property that has improvements. Tariffs are determined per category of property usage, and are levied monthly based on the recorded number of refuse containers per property.

Interest revenue is recognised on a time proportion basis.

Revenue arising from the application of the approved tariff of charges is recognised when the relevant service is rendered by applying the relevant gazetted tariff. This includes the issuing of licences and permits.

Revenue from the sale of goods is recognised when substantially all the risks and rewards in those goods is passed to the consumer.

Revenue arising out of situations where the municipality acts as an agent on behalf of another entity (the principal) is limited to the amount of any fee or commission payable to the municipality as compensation for executing the agreed services.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### 1.13 Revenue from non-exchange transactions

Revenue from non-exchange transactions refers to transactions where the municipality received revenue from another entity without directly giving approximately equal value in exchange. Revenue from non-exchange transactions is generally recognised to the extent that the related receipt or receivable qualifies for recognition as an asset and there is no liability to repay the amount.

Revenue from property rates is recognised when the legal entitlement to this revenue arises. Collection charges are recognised when such amounts are legally enforceable. Penalty interest on unpaid rates is recognised on a time proportionate basis.

Fines constitute both spot fines and summonses. Revenue from spot fines and summonses is recognised when the fine is issued.

Revenue from public contributions and donations is recognised when all conditions associated with the contribution have been met or where the contribution is to finance property, plant and equipment, when such items of property, plant and equipment qualifies for recognition and first becomes available for use by the municipality. Where public contributions have been received but the municipality has not met the related conditions, a deferred income (liability) is recognised.

Contributed property, plant and equipment is recognised when such items of property, plant and equipment qualifies for recognition and become available for use by the municipality.

Revenue from the recovery of unauthorised, irregular, fruitless and wasteful expenditure is based on legislated procedures, including those set out in the Municipal Finance Management Act (Act No.56 of 2003) and is recognised when the recovery thereof from the responsible councillors or officials is virtually certain.

### Government grants

Grants, transfers and donations received or receivable are recognised when the resources that have been transferred meet the criteria for recognition as an asset. Grants without any conditions attached are recognised as revenue when the asset is recognised.

### Unspent conditional grants

For all conditional grants, a corresponding liability is raised to the extent that the grant, transfer or donation is conditional. The liability is transferred to revenue as and when the conditions attached to the grant are met. The unspent conditional grant liability is disclosed in the Statement of Financial Position.

### Government grants

### 1.14 Unauthorised expenditure

Unauthorised expenditure means:

- overspending of a vote or a main division within a vote; and
- expenditure not in accordance with the purpose of a vote or, in the case of a main division, not in accordance with the purpose of the main division.

All expenditure relating to unauthorised expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

### 1.15 Fruitless and wasteful expenditure

Fruitless expenditure means expenditure which was made in vain and would have been avoided had reasonable care been exercised.

All expenditure relating to fruitless and wasteful expenditure is recognised as an expense in the statement of financial performance in the year that the expenditure was incurred. The expenditure is classified in accordance with the nature of the expense, and where recovered, it is subsequently accounted for as revenue in the statement of financial performance.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### 1.16 Irregular expenditure

Irregular expenditure is expenditure that is contrary to the Municipal Finance Management Act (Act No.56 of 2003), the Municipal Systems Act (Act No.32 of 2000), the Public Office Bearers Act (Act No. 20 of 1998) or is in contravention of the Municipality's supply chain management policy. Irregular expenditure excludes unauthorised expenditure. Irregular expenditure is accounted for as expenditure in the Statement of Financial Performance and where recovered, it is subsequently accounted for as revenue in the Statement of Financial Performance.

### 1.17 Change in Accounting Policies, Estimates and Errors

Changes in accounting policies that are effected by management have been applied retrospectively in accordance with GRAP 3 requirements, except to the extent that is impracticable to determine the period-specific effects or the cumulative effect of the change in policy. In such cases the municipality shall restate the opening balances of assets, liabilities and net assets for the earliest period for which retrospective restatement is practicable.

Changes in accounting estimates are applied prospectively in accordance with GRAP 3 requirements. Details of the changes in estimates are disclosed in the notes to the financial statements where applicable.

### 1.18 Prepayments

The amount is not taken to profit or loss and other comprehensive income as an expense but disclosed as a current asset in the statement of financial position. The expense is only raised when it is incurred.

### 1.19. Accumulated Surplus

Included in the accumulated surplus is the previous years profits as well as the effects of changes in accounting policies and correction of errors.

### 1.20 iGRAP 1 - Probability of revenue

#### Initial recognition

Revenue is recognised when it is probable that future economic benefits or service potential will flow to the entity and these benefits can be measured.

#### Subsequent measurement

Subsequently, the collectability of the revenue is assessed and an impairment loss is recognised where appropriate.

### 1.21 VAT

The Municipality accounts for Value Added Tax on the payments basis. This means that VAT is declared to the South African Revenue Services as input VAT or output VAT only when payments are made to suppliers or payments are received for goods or services.

### 1.22 Budget information

Municipality are typically subject to budgetary limits in the form of appropriations or budget authorization's (or equivalent), which is given effect through authorising legislation, appropriation or similar.

General purpose financial reporting by municipality shall provide information on whether resources were obtained and used in accordance with the legally adopted budget.

The approved budget is prepared on a cash basis and presented by economic classification linked to performance outcome objectives.

The approved budget covers the fiscal period from 2015-07-01 to 2016-06-30.

The Statement of Comparison of Budget and Actual Amounts is disclosed on page 9 of the Annual Financial Statements.

Significant variances between budgeted amounts and actual amounts are disclosed in note 49 as well as reasons for these variances.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Accounting Policies

---

### 1.23 Related parties

Individuals as well as their close family members, and/or entities are related parties if one party has the ability, directly or indirectly, to control or jointly control the other party or exercise significant influence over the other party in making financial and/or operating decisions. Key management personnel is defined as the Municipal Manager, Chief Financial Officer and all other managers reporting directly to the Municipal Manager or as designated by the Municipal Manager.

### 1.24 Commitments

Items are classified as commitments where the Municipality commits itself to future transactions that will normally result in the outflow of resources.

Commitments are not recognised in the statement of financial position as a liability or as expenditure in the statement of financial performance but are included in the disclosure notes. A distinction is made between capital and current commitments.

Commitments are disclosed for:

- Approved and contracted commitments, where the expenditure has been approved and the contract has been awarded at the reporting date.
- Approved but not yet contracted commitments, where the expenditure has been approved and the contract has yet to be awarded or is awaiting finalisation at the reporting date.
- Items are classified as commitments where the municipality commits itself to future transactions that will normally result in the outflow of resources.
- Contracts that are entered into before the reporting date, but goods and services have not yet been received are disclosed in the disclosure notes to the financial statements.
- Other commitments for contracts are be non-cancellable or only cancellable at significant cost contracts should relate to something other than the business of the municipality.

### 1.25 Housing development fund / Housing operating account

Sections 15(5) and 16 of the Housing Act, (Act No. 107 of 1997), which came into operation on 1 April 1998, required that the Entity maintain a separate housing operating account. This legislated separate operating account is known as the Housing Development Fund.

The Housing Development Fund was established in terms of the Housing Act, (Act No. 107 of 1997). Loans from national and provincial government used to finance housing selling schemes undertaken by the Municipality were extinguished on 1 April 1998 and transferred to a Housing Development Fund. Housing selling schemes both complete and in progress as at 1 April 1998, were also transferred to the Housing Development Fund. In terms of the Housing Act, all proceeds from housing developments, which include rental income and sales of houses, must be paid into the Housing Development Fund. Monies standing to the credit of the Housing Development Fund can be used only to finance housing developments within the municipal area subject to the approval of the Provincial MEC responsible for housing.

The following provisions are set for the creation and utilisation of the Housing Development Fund:

- The Housing Development Fund is cash-backed, and invested in accordance with the investment policy of the municipality.
- The proceeds in this fund are utilised for housing development in accordance with the National Housing Policy, and also for housing development projects approved by the MEC for Human Settlements.
- Any contributions to or from the fund are shown as transfers in the Statement of Changes in Net Assets.
- Interest earned on the investments of the fund is disclosed as interest earned in the Statement of Financial Performance.

### 1.26 Revaluation reserve

The surplus arising from the revaluation of Property, Plant and Equipment is credited to a non-distributable reserve. The revaluation surplus is realised as revalued assets are depreciated, through a transfer from the revaluation reserve to the accumulated surplus/ (deficit). On disposal, the net revaluation surplus is transferred to the accumulated surplus/ (deficit) while gains or losses on disposal, based on revalued amounts, are credited or charged to the Statement of Financial Performance.



# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

### 2. Inventories

Consumable stores	962 979	673 083
Medallions - at cost	2 669	2 669
	<b>965 648</b>	<b>675 752</b>

Inventories are held for own use with the result that no write downs of inventory to net realisable value were required.

### 3. Other receivables from non-exchange transactions

Traffic Fines Debtor	2 238 497	1 276 240
Other Debtors	1 669 695	209 861
Sundry Debtors	10 769 471	10 600 546
Housing Debtors	10 478	17 964
Health Subsidy Control	35 519	35 519
Debtors Interest	224 206	72 508
Sundry Debtors Control	296 678	442 521
Provision for Impairment	(12 331 675)	(9 284 029)
	<b>2 912 869</b>	<b>3 371 130</b>

Health Subsidy Control relates to expenses incurred by the municipality on an agency basis on behalf of the Provincial Government, a sundry debtor was raised for the agency fees owing by provincial government that will be recovered.

Sundry Debtors relate to Alfred Nzo District Municipality and Sisonke District Municipality for transfer of water services.

### 4. VAT receivable from exchange transactions

VAT	7 682 278	14 761 289
-----	-----------	------------

VAT is declared on the payments basis. Once payment is received from debtors and payments made to creditors, VAT is declared to SARS.

### 5. Prepayments

SALGA	859 291	-
Chicolollo Free Basic Maintenance Supply	-	521 053
MAMS Assets System	-	24 640
Kokstad Copiers Maintenance	-	4 590
	<b>859 291</b>	<b>550 283</b>

### 6. Trade receivables

#### Gross balances

Rates from non exchange transactions	40 843 633	37 436 994
Electricity from exchange transactions	6 475 408	3 492 063
Refuse from exchange transactions	10 450 031	9 396 249
	<b>57 769 072</b>	<b>50 325 306</b>

#### Less: Allowance for impairment

Rates from non exchange transactions	(15 784 991)	(22 729 265)
Electricity from exchange transactions	(667 796)	(852 070)
Refuse from exchange transactions	(9 592 442)	(8 538 247)
	<b>(26 045 229)</b>	<b>(32 119 582)</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
<b>6. Trade receivables (continued)</b>		
<b>Net balance</b>		
Rates from non exchange transactions	25 058 642	14 707 729
Electricity from exchange transactions	5 807 612	2 639 993
Refuse from exchange transactions	857 589	858 002
	<b>31 723 845</b>	<b>18 205 724</b>
<b>Rates from non exchange transactions</b>		
Current (0 -30 days)	242	11 131
31 - 60 days	5 539	23 134
61 - 90 days	257 674	266 172
91 - 120 days	220 696	226 486
121 - 365 days	11 161 845	8 760 684
> 365 days	29 197 637	28 149 386
Impairment	(15 784 991)	(22 729 264)
	<b>25 058 642</b>	<b>14 707 729</b>
<b>Electricity from exchange transactions</b>		
Current (0 -30 days)	2 834 701	1 954 876
31 - 60 days	1 110 304	323 712
61 - 90 days	370 980	138 742
91 - 120 days	355 435	91 793
121 - 365 days	739 298	671 997
> 365 days	1 064 690	310 943
Impairment	(667 796)	(852 070)
	<b>5 807 612</b>	<b>2 639 993</b>
<b>Refuse from exchange transactions</b>		
Current (0 -30 days)	626 753	600 807
31 - 60 days	339 905	350 030
61 - 90 days	213 923	225 657
91 - 120 days	191 167	190 724
121 - 365 days	1 370 350	1 415 949
> 365 days	7 707 933	6 613 082
Impairment	(9 592 442)	(8 538 247)
	<b>857 589</b>	<b>858 002</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

### 6. Trade receivables (continued)

#### Summary of debtors by customer classification

##### Consumers

Current (0 -30 days)	411 919	408 263
31 - 60 days	286 017	286 235
61 - 90 days	411 553	425 290
91 - 120 days	373 328	380 674
121 - 365 days	2 770 122	2 778 897
> 365 days	19 597 164	25 707 266
	<u>23 850 103</u>	<u>29 986 625</u>
Less: Allowance for impairment	(23 133 296)	(28 916 538)
	<u>716 807</u>	<u>1 070 087</u>

##### Industrial/ commercial

Current (0 -30 days)	2 547 376	1 674 853
31 - 60 days	906 222	254 081
61 - 90 days	192 908	120 116
91 - 120 days	174 701	57 721
121 - 365 days	719 133	600 812
> 365 days	2 972 850	2 321 024
	<u>7 513 190</u>	<u>5 028 607</u>
Less: Allowance for impairment	(2 911 933)	(3 203 044)
	<u>4 601 257</u>	<u>1 825 563</u>

##### National and provincial government

Current (0 -30 days)	502 401	483 699
31 - 60 days	263 509	156 561
61 - 90 days	238 116	85 165
91 - 120 days	219 270	70 609
121 - 365 days	9 782 238	7 468 921
> 365 days	15 400 247	7 045 121
	<u>26 405 781</u>	<u>15 310 076</u>

##### Reconciliation of allowance for impairment

Balance at beginning of the year	(32 119 582)	(28 057 353)
Contributions to allowance	-	(4 062 229)
Debt impairment written off against allowance	6 074 353	-
	<u>(26 045 229)</u>	<u>(32 119 582)</u>

##### Consumer debtors past due but not impaired

Consumer debtors which are less than 3 months past due are not considered to be impaired. At 30 June 2016, R 4 327 425 (2015: R 1 546 753) were past due but not impaired.

The ageing of amounts past due but not impaired is as follows:

1 month past due	2 055 062	1 077 206
2 months past due	1 189 276	235 650
3 months past due	1 083 087	233 897

## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

#### 6. Trade receivables (continued)

##### Consumer debtors impaired

As of 30 June 2016, consumer debtors of R 26 045 229 (2015: R 32 119 582) were impaired and provided for.

The amount of the provision was R 26 045 229 as of 30 June 2016 (2015: R 32 119 582).

The ageing of these debtors is as follows:

3 to 6 months	1 407 072	1 869 637
Over 6 months	24 638 157	30 249 945

The fair value of receivables from exchange transactions was determined after considering the standard terms and conditions of agreement entered into between the municipality and Consumer Debtors as well as the current payment ratios of the municipality's consumers.

As of 30 June 2016, trade and other receivables from exchange transactions of R26 045 229 (2015: R32 119 582) were impaired and provided for.

#### 7. Cash and cash equivalents

Cash and cash equivalents consist of:

Cash on hand	1 250	1 250
Bank balances	6 215 224	8 453 395
Short-term deposits	42 194 080	22 032 016
	<b>48 410 554</b>	<b>30 486 660</b>

Short-term deposits represent investments held at various financial institutions. An investment register detailing these accounts is available at the municipal offices.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

### 7. Cash and cash equivalents (continued)

The municipality had the following bank accounts

Account number / description	Bank statement balances		Cash book balances	
	30 June 2016	30 June 2015	30 June 2016	30 June 2015
Nedbank - Current Account (Main) - 1011292106	8 156 953	9 688 467	5 742 709	(6 289 863)
Standard Bank - Current Account - 060435224	155 231	7 211 214	155 231	7 211 214
First National Bank - Current Account - 62108495187	317 284	7 531 444	317 284	7 532 044
Standard Bank - Call Account - 68600704/001	7 855 059	5 955 059 -	7 855 059	5 955 059 -
Standard Bank - 60 Day Notice Account - 68600704/002	8 865 185	8 443 481 -	8 865 185	8 443 481 -
First National Bank - Money Market - 62108496573	6 108 042	709 285 -	6 108 042	709 285 -
Nedbank - Call Account - 03/7881006129/000004	12 215 456	454 279 -	12 215 456	454 279 -
Nedbank - Call Account - 03/7881096624/000001	1 000	3 092 600 -	1 000	3 092 600 -
Nedbank - Call Account - 03/7881120797	1 000	1 000 -	1 000	- -
Nedbank - 32 day Notice - 03/7881006129	4 700 000	4 700 000 -	4 700 000	- -
First National Bank - Money Market - 62175310045	164 639	918 536 -	164 639	918 536 -
First National Bank - Money Market - 62215611121	1 673 405	1 848 944 -	1 673 405	1 848 944 -
First National Bank - Money Market - 62286478906	610 294	609 832 -	610 294	609 832 -
<b>Total</b>	<b>50 823 548</b>	<b>51 164 141</b>	<b>48 409 304</b>	<b>30 485 411</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

### 8. Investment property

	2016			2015		
	Cost / Valuation	Accumulated depreciation	Carrying value	Cost / Valuation	Accumulated depreciation	Carrying value
Investment property	21 614 400	-	21 614 400	21 614 400	-	21 614 400

### Reconciliation of investment property carried at Fair Value - 2016

	Opening balance	Total
Investment property	21 614 400	21 614 400

### Reconciliation of investment property carried at Fair Value - 2015

	Opening balance	Transfers	Change in Accounting Policy	Correction of error	Other changes, movements	Total
Investment property	21 890 900	2 576 000	(2 576 000)	(135 500)	(141 000)	21 614 400

### Investment Property Information

Transfers relates to assets that were reclassified from investment property to land and buildings. Refer to note 9.

All of the municipality's investment properties are held under freehold interests and no Investment Property had been pledged as security for any liabilities of the municipality and are held for capital appreciation.

There are no restrictions on the reliability of investment property or the remittance of revenue and proceeds of disposal.

There are no contractual obligations on investment property.

A register of Investment property is available at the municipal offices.

The effective date of revaluations was 1 July 2013.

The valuation was performed using data based on arms length transactions and related market evidence.

This was done by an independent by a professional valuer with the Registration Number 3550/09 by the name of Kwasi Agyaben Boateng who has a Bsc Honours Land Economy.

Rental revenue from investment property	587 861	693 989
---	---------	---------

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

### 9. Property, plant and equipment

	2016		2015	
	Cost / Valuation	Accumulated depreciation and accumulated impairment	Carrying value	Cost / Valuation
				Accumulated depreciation and accumulated impairment
				Carrying value
Land and buildings	78 537 752	(6 125 407)	72 412 345	78 224 929
Infrastructure	426 422 916	(103 013 771)	323 409 145	384 772 147
Community	100 379 368	(25 565 707)	74 813 661	97 534 400
Other property, plant and equipment	50 835 889	(17 626 789)	33 209 100	47 701 366
Capital under construction	178 435 393	-	178 435 393	126 368 070
<b>Total</b>	<b>834 611 318</b>	<b>(152 331 674)</b>	<b>682 279 644</b>	<b>734 600 912</b>
				<b>(130 606 145)</b>
				<b>603 994 767</b>

### Reconciliation of property, plant and equipment - June 2016

	Opening balance	Additions	Disposals	Transfers	Depreciation	Total
Land and buildings	73 244 187	-	-	312 823	(1 144 665)	72 412 345
Infrastructure	295 765 995	3 720 243	(352 762)	38 314 460	(14 038 791)	323 409 145
Community	75 557 810	1 064 309	-	1 780 659	(3 589 117)	74 813 661
Other property, plant and equipment	33 058 705	4 243 576	(267 830)	-	(3 825 350)	33 209 101
Capital under construction	126 368 070	92 475 265	-	(40 407 942)	-	178 435 393
	<b>603 994 767</b>	<b>101 503 393</b>	<b>(620 592)</b>	<b>-</b>	<b>(22 597 923)</b>	<b>682 279 644</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

### 9. Property, plant and equipment (continued)

#### Reconciliation of property, plant and equipment - June 2015

	Opening balance	Additions	Disposals	Correction of error	Transfers	Change in accounting policy	Depreciation	Total
Land and buildings	57 200 361	-	-	135 500	16 473 007	89 500	(654 181)	73 244 187
Infrastructure	285 746 181	3 638 284	(16 655)	-	19 516 865	-	(13 118 680)	295 765 995
Community	74 976 644	1 895 245	-	-	2 202 095	-	(3 516 174)	75 557 810
Other property, plant and equipment	27 233 266	9 245 061	(67 785)	-	-	-	(3 351 837)	33 058 705
Capital under construction	75 090 863	89 558 674	-	-	(38 281 467)	-	-	126 368 070
	<b>520 247 315</b>	<b>104 337 264</b>	<b>(84 440)</b>	<b>135 500</b>	<b>(89 500)</b>	<b>89 500</b>	<b>(20 640 872)</b>	<b>603 994 767</b>

### Revaluations

Land is re-valued independently every 5 years.

The valuation was performed using data based on arms length transactions.

These assumptions were based on current market conditions.

The valuation of land was done through the process of creating a new valuation roll as per the requirements of the Municipal Property Rates Act. The new valuation roll was effective from 1st July 2013 and the revaluation of Land was accordingly done.

### Reconciliation of Work-in-Progress 2016

	Included within Infrastructure	Included within Land and Buildings	Included within Community Assets	Total
Additions/capital expenditure	126 522 994	32 341 708	19 570 691	178 435 393



# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

### 9. Property, plant and equipment (continued)

#### Reconciliation of Work-in-Progress 2015

	Included within Infrastructure	Included within Land and Buildings	Included within Community Assets	Total
Additions/capital expenditure	96 219 609	19 958 949	10 189 510	126 368 068

A register containing the information required by section 63 of the Municipal Finance Management Act is available for inspection at the registered office of the municipality.

### 10. Intangible assets

	2016			2015		
	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value	Cost / Valuation	Accumulated amortisation and accumulated impairment	Carrying value
Computer software	1 283 681	(862 941)	420 740	1 283 681	(611 184)	672 497

#### Reconciliation of intangible assets - 2016

	Opening balance	Amortisation	Total
Computer software	672 497	(251 757)	420 740

#### Reconciliation of intangible assets - 2015

	Opening balance	Amortisation	Total
Computer software	950 897	(278 400)	672 497

#### Other information

There is a register containing the information required by Section 63 of the MFMA which is available for inspection at the registered office of the Municipality.

### 11. Payables from exchange transactions

Trade payables	15 337 663	15 963 858
Leave pay accrual	5 740 737	5 504 919
Income received in advance	2 093 162	1 013 760
Payments received in advance	2 001 657	1 466 225
Other creditors	2 858 969	2 753 439
Bonus accrual	1 457 178	1 472 440
	<b>29 489 366</b>	<b>28 174 641</b>

## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

#### 11. Payables from exchange transactions (continued)

The average credit period on purchases is 30 days from the receipt of the statement, as determined by the MFMA. No interest is charged for the first 30 days from the date of receipt of the invoice. Thereafter interest is charged in accordance with the credit policies of the various individual creditors that the municipality deals with. The municipality has financial risk policies in place to ensure that all payables are paid within the credit timeframe.

Income received in advance is due to payments received for hall hire and prepaid electricity.

Staff leave accrue to the staff of the municipality on an annual basis, subject to certain conditions. The accrual is an estimate of the amount due at the reporting date.

The management of the municipality is of the opinion that the carrying value of creditors approximate their fair values.

Bonus accrual is calculated on a 13th cheque attributable to all staff.

## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

#### 12. Consumer deposits

Electricity	278 959	295 684
-------------	---------	---------

Consumer deposits are paid by consumers on application for new electricity connections. The deposits are repaid when the electricity connections are terminated. In cases where consumers default on their accounts, the municipality can utilise the deposit as payment for the outstanding account. No interest is paid on Consumer deposits held.

The management of the municipality is of the opinion that the carrying value of Consumer deposits approximate their fair values. The fair value of Consumer deposits was determined after considering the standard terms and conditions of agreements entered into between the municipality and its consumers.

#### 13. Unspent conditional grants and receipts

Unspent conditional grants and receipts comprises of:

##### Unspent conditional grants and receipts

Provincial government grants	163 798	163 962
Local government	2 332 783	1 242 575
Asset register grant	-	2 359 161
Library upgrade	815 700	572 616
Spatial development	142 161	283 200
LED grain storage	-	307 484
LED projects	506 536	607 515
Other grants	69 379	268 835
	<b>4 030 357</b>	<b>5 805 348</b>

Refer to note 24 for reconciliation of grants and receipts.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

### 14. Provisions

#### Reconciliation of provisions - 2016

	Opening Balance	Additions	Utilised during the year	Change in discount factor	Total
Environmental rehabilitation	10 786 183	-	-	565 849	11 352 032
Provision for long service award	2 236 392	454 051	-	-	2 690 443
Performance bonus	904 937	-	(115 929)	-	789 008
	<b>13 927 512</b>	<b>454 051</b>	<b>(115 929)</b>	<b>565 849</b>	<b>14 831 483</b>

#### Reconciliation of provisions - 2015

	Opening Balance	Additions	Change in discount factor	Total
Environmental rehabilitation	10 384 120	-	402 063	10 786 183
Provision for long service award	1 918 636	317 756	-	2 236 392
Performance bonus	836 815	68 122	-	904 937
	<b>13 139 571</b>	<b>385 878</b>	<b>402 063</b>	<b>13 927 512</b>
Non-current liabilities			13 652 888	12 364 400
Current liabilities			1 178 595	1 563 112
			<b>14 831 483</b>	<b>13 927 512</b>

#### Performance Bonus

Performance bonuses accrue to senior managers on an annual basis, subject to certain conditions. The provision is an estimate of the amount due at the reporting date.

#### Long Service

The municipality has an obligation to provide long-service allowance benefits to all of its employees. According to the rules of the Long-service Allowance Scheme, which the municipality instituted and operates, an employee (who is on the current conditions of service), is entitled to a cash allowance, calculated in terms of the rules of the scheme, after 5 years and every 5 years thereafter of continued service. The municipality's liability is based on an actuarial valuation. The projected unit credit method has been used to value the liabilities. Actuarial gains and losses on the long-term incentives are accounted for through the statement of financial performance.

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the rules of the medical aid funds, with which the municipality is associated, a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

#### Environmental rehabilitation provision

The minimum requirements for waste disposal by landfill as stated by the Department of Water Affairs and Forestry, "All land fills, except those closed prior to August 1990 when the permitting system came into effect, must be permitted before they can be legally closed. Closure will involve, inter alia, the application of final cover, top soiling, vegetating, drainage maintenance and leachate management."

The financial implications for the rehabilitation of the landfill site were performed by ADV. C P Herbst, who is a mineral and environmental law consultant. This was carried out on the 16 July 2016 for the effective date, 30 June 2016. Currently no appointment for the closure has been made, and therefore estimates have been compiled. The provision is based on a 15 year estimation.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

### 14. Provisions (continued)

Landfill sites generally fall into 3 categories, which are separated by the size of the landfill, the type of waste and the amount of leachate produced. The land fill site closure design is based on it falling in the G:S:B+ formation which has the following capping layers:

- 200mm Topsoil
- 300mm Compacted clay

In calculating the provision for rehabilitation, the following four items have been included:

Direct contract costs - this equates to a unit cost of 90 rand per square meter based on previous closure of the Ducats landfill. Unit costs are used to estimate rehabilitation costs until a service provider is appointed to perform an investigation and design.

Indirect professional fees - these fees are fixed and are based on a percentage of the contract.

Indirect disbursements - These are estimated by obtaining quotations from third party service providers for similar works.

Escalation has also been considered and included in the costs.

The monetary value for the provision for the landfill site at 30 June 2016 is R 11 352 032 (2015: 10 786 183).

### 15. Employee benefit obligations

The amounts recognised in the statement of financial position are as follows:

#### Carrying value

Long term portion of Health Care Benefit Liability	10 505 208	8 444 451
Current portion of Health Care Benefit	284 088	254 052
<b>Net liability</b>	<b>10 789 296</b>	<b>8 698 503</b>

Changes in the present value of the defined benefit obligation are as follows:

Opening balance	8 698 503	7 459 676
Liabilities extinguished on settlements	(438 151)	(214 152)
Net expense recognised in the statement of financial performance	2 528 944	1 452 979
	<b>10 789 296</b>	<b>8 698 503</b>

Net expense recognised in the statement of financial performance

Current service cost	903 746	952 359
Interest cost	776 106	675 151
Actuarial (gains) losses	849 092	(174 531)
<b>Total included in employee related costs</b>	<b>2 528 944</b>	<b>1 452 979</b>

The municipality provides certain post-retirement health care benefits by funding the medical aid contributions of qualifying retired members of the municipality. According to the results of the Medical Aid Funds, with which the municipality is associated a member (who is on the current Conditions of Service) is entitled to remain a continued member of such medical aid fund on retirement, in which case the municipality is liable for a certain portion of the medical aid membership fee. The municipality operates an unfunded defined benefit plan for these qualifying employees. No other post-retirement benefits are provided to these employees.

The most recent actuarial valuations of plan assets and the present value of the defined benefit obligation were carried out at 30 June 2016 by Chanan Weiss of ARCH Actuarial Consulting, fellow of the faculty of Actuaries and Fellow of the Actuarial Society of South Africa. The present value of the defined benefit obligation, and the related current service cost and past service cost, were measured using the Projected Unit Credit Method.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

### 15. Employee benefit obligations (continued)

#### Key assumptions used

Assumptions used at the reporting date:

Average retirement age	63	63
Discount rates used	9,11 %	9,05 %
Health care cost inflation rate	8,19 %	8,21 %
Net effective discount rate	0,85 %	0,78 %

#### Other assumptions

Assumed healthcare cost trends rates have a significant effect on the amounts recognised in surplus or deficit. A one percentage point change in assumed healthcare cost trends rates would have the following effects:

	One percentage point increase	One percentage point decrease
Effect on the aggregate of the service cost and interest cost	2 063 700	1 384 100
Effect on defined benefit obligation	12 852 000	9 168 000

Amounts for the current and previous four years are as follows:

	2016 R	2015 R	2014 R	2013 R	2012 R
Defined benefit obligation	10 789 296	8 698 503	7 459 676	6 218 312	5 354 211
Plan assets	-	-	-	-	-
Surplus (deficit)	(10 789 296)	(8 698 503)	(7 459 676)	(6 218 312)	(5 354 211)

### 16. Revaluation reserve

Opening balance	92 755 710	95 757 946
Transfer from Revaluation Reserve To Accumulated Surplus	(2 836 297)	(3 002 236)
	<b>89 919 413</b>	<b>92 755 710</b>

The revaluation reserve arose on the revaluation of land and buildings and infrastructure asset in prior periods. Where revalued land and buildings and infrastructure assets are sold, the portion of the revaluation reserve that relates to that asset, and is effectively realised, is transferred directly to accumulated surplus. The revaluation reserve is also realised through the transfer of depreciation on revalued assets to accumulated surplus. Distribution from the revaluation reserve can be made where they are in accordance with the requirements of the municipality's accounting policy and relevant case law. The payment of cash distribution out of the reserve is restricted by the terms of the municipality's accounting policy. These restrictions do not apply to any amounts transferred to accumulated surplus. The council does not currently intend to make any distributions from the revaluation reserve.

### 17. Revenue

Service charges	54 644 655	44 702 491
Rental of facilities and equipment	587 861	693 988
Licences and permits	2 394 906	2 291 326
Other income	1 868 081	1 297 011
Interest received - investment	9 672 003	7 696 076
Property rates	24 193 575	19 111 649
Government grants & subsidies	264 756 645	220 840 603
Public contributions and donations	30 000	720 500
Fine receipts	2 737 103	1 821 294
	<b>360 884 829</b>	<b>299 174 939</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand 2016 2015

### 17. Revenue (continued)

The amount included in revenue arising from exchanges of goods or services are as follows:

Service charges	54 644 655	44 702 491
Rental of facilities and equipment	587 861	693 989
Licences and permits	2 394 906	2 291 326
Other income	1 868 081	1 297 011
Interest received - investment	9 672 003	7 696 076
	<b>69 167 506</b>	<b>56 680 893</b>

The amount included in revenue arising from non-exchange transactions is as follows:

<b>Taxation revenue</b>		
Property rates	24 193 575	19 111 649
<b>Transfer revenue</b>		
Government grants & subsidies	264 756 645	220 840 603
Public contributions and donations	30 000	720 500
Fine receipts	2 737 103	1 821 294
	<b>291 717 323</b>	<b>242 494 046</b>

### 18. Service charges

Sale of electricity	47 025 258	37 506 236
Refuse removal	7 619 397	7 196 255
	<b>54 644 655</b>	<b>44 702 491</b>

The amounts disclosed above for revenue from service charges are in respect of services rendered which are billed to the consumers on a monthly basis according to approved tariffs.

### 19. Rental of facilities and equipment

Hall Hire	128 935	99 017
Housing Rental	-	7 402
Farm Rental	78 678	84 953
Site Rental	359 334	435 453
Stadium Hire	20 914	67 164
	<b>587 861</b>	<b>693 989</b>

### 20. Licenses and permits

Business licenses	1 965	719
Drivers licenses	2 392 941	2 290 607
	<b>2 394 906</b>	<b>2 291 326</b>

## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
<b>21. Other income</b>		
Building exemption certificates	14 519	6 897
Building plans	211 650	142 887
Cemetery fees	48 829	54 514
Demolition fees	5 907	-
Driveway hardening	8 487	7 860
Electricity connections	329 115	292 675
Music Festival	13 082	42 346
Nature reserve annual licence	3 130	1 579
Nature reserve chalets	15 896	17 693
Nature reserve daily fishing	8 234	6 811
Nature reserve income	1 423	175
Photo copies	1 018	911
Plant hire	1 697	203
Pool fees	31 855	34 051
Pound fees	146 450	97 437
Provision for movement in performance bonuses	131 191	-
Rates certificates	3 175	4 596
Service connections	-	19 363
Sundry services	691 076	289 033
Telephone private calls	-	1 830
Tender documents	201 347	276 150
	<b>1 868 081</b>	<b>1 297 011</b>

The amounts disclosed above for other income are in respect of services rendered which are billed to or paid for by the users as the services are required according to approved tariffs.

### 22. Investment revenue

#### Interest revenue

Interest on short-term bank deposits	4 279 192	3 606 763
Loans and receivables	5 392 811	4 089 313
	<b>9 672 003</b>	<b>7 696 076</b>



## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
<b>23. Property rates</b>		
<b>Rates received</b>		
Residential	8 646 855	7 900 022
Commercial	7 926 574	7 165 568
Agricultural	1 225 495	1 167 380
Vacant land	546 691	366 587
Municipal and Local Government (Rural)	16 342 294	13 785 654
Exempted properties	(4 630 300)	(2 479 620)
Adjusted Corrections	(306 859)	(736 799)
Less: Rebates ( Phase-in )	(5 557 175)	(8 057 143)
	<b>24 193 575</b>	<b>19 111 649</b>

Supplementary assessment rates are levied on the value of land and improvements, for which a valuation is performed every five years. Valuations are processed on an annual basis to take into account changes in individual property values due to alterations and subdivisions.

A new valuation roll has been implemented from 1 July 2013.

#### Valuations

Residential	995 149 350	954 800 500
Commercial	760 269 864	721 608 000
Agricultural	564 224 509	564 224 509
Vacant land	28 838 500	20 305 000
Municipal and Local Government (Rural)	674 584 639	631 151 639
Exempted properties	340 897 288	240 769 288
	<b>3 363 964 150</b>	<b>3 132 858 936</b>

A general rate of R1.44 (2015: R1.44) is applied to residential property valuations and R1.73 (2015: R1.73) to commercial property valuations to determine assessment rates. Rebates of 35% (2015: 35%) are granted to residential property owners and 10% (2015: 10%) to commercial property owners.

A general rate of R0.002172 (2015: R0.002069) is applied on agricultural/farm properties/land and a rebate of 65% (2015: 65%) are granted to agricultural/farm properties/land.

Rates are levied on an annual basis with the final date for payment being 30 September 2016 (30 September 2015). Interest at 18% per annum (2015: 18%) and a collection fee of 0% (2015: 0%), is levied on rates outstanding two months after due date.

Agricultural increased by 5% to 0.002172 (2015: 0.002069)

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
<b>24. Government grants and subsidies</b>		
<b>Operating grants</b>		
Equitable share	176 181 000	138 979 000
Human settlements	664 726	-
	<b>176 845 726</b>	<b>138 979 000</b>
<b>Capital grants</b>		
National: FMG grant	1 600 000	1 600 000
National: MIG grant	49 867 144	46 926 089
National: MSIG grant	930 000	934 000
National: DoE Electrification grant	30 000 000	21 904 565
Nature Reserve / Greenest Town	-	143 437
Provincial: Capacity Building	9 792	-
Incentive Grant	1 780 000	4 485 000
Provincial: Treasury	164	809 003
Provincial: DEAT	100 979	-
Provincial: Seeta	170 782	167 526
Music Festival	400 000	500 000
Other Grants	199 456	456 680
Spatial Development	141 039	106 800
Grain Storage	307 484	692 516
Asset Register Grant	2 359 161	3 005 832
Desrac Grant	44 916	130 156
	<b>87 910 917</b>	<b>81 861 603</b>
	<b>264 756 643</b>	<b>220 840 603</b>

### Equitable Share

In terms of the constitution, this grant is used to subsidise the provision of basic services to indigent community members and to fund operations.

#### National: FMG grant

Current-year receipts	1 600 000	1 600 000
Conditions met - transferred to revenue	(1 600 000)	(1 600 000)
	-	-

#### National: MIG grant

Balance unspent at beginning of year	-	3 410 836
Current-year receipts	49 867 144	45 759 000
Conditions met - transferred to revenue	(49 867 144)	(46 926 089)
Transferred to Retentions	-	(2 243 747)
	-	-

#### National: MSIG grant

Current-year receipts	930 000	934 000
Conditions met - transferred to revenue	(930 000)	(934 000)
	-	-

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
<b>24. Government grants and subsidies (continued)</b>		
<b>National: DoE Electrification grant</b>		
Balance unspent at beginning of year	-	104 565
Current-year receipts	30 000 000	21 800 000
Conditions met - transferred to revenue	(30 000 000)	(21 904 565)
	-	-
<b>Provincial government</b>		
Balance unspent at beginning of year	163 962	972 965
Conditions met - transferred to revenue	(164)	(809 003)
	<b>163 798</b>	<b>163 962</b>
Conditions still to be met - remain liabilities (see note 13)		
<b>Local government</b>		
Balance unspent at beginning of year	1 242 575	1 242 575
Current-year receipts	1 100 000	-
Conditions met - transferred to revenue	(9 792)	-
	<b>2 332 783</b>	<b>1 242 575</b>
Conditions still to be met - remain liabilities (see note 13)		
<b>Asset Register Grant</b>		
Balance unspent at beginning of year	2 359 161	364 993
Current-year receipts	-	5 000 000
Conditions met - transferred to revenue	(2 359 161)	(3 005 832)
	-	<b>2 359 161</b>
Conditions still to be met - remain liabilities (see note 13)		
<b>Library Upgrade</b>		
Balance unspent at beginning of year	572 616	414 772
Current-year receipts	288 000	288 000
Conditions met - transferred to revenue	(44 916)	(130 156)
	<b>815 700</b>	<b>572 616</b>
Conditions still to be met - remain liabilities (see note 13)		

## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
<b>24. Government grants and subsidies (continued)</b>		
<b>Spatial Development</b>		
Balance unspent at beginning of year	283 200	390 000
Conditions met - transferred to revenue	(141 039)	(106 800)
	<b>142 161</b>	<b>283 200</b>
Conditions still to be met - remain liabilities (see note 13)		
<b>LED Grain Storage</b>		
Balance unspent at beginning of year	307 484	600 000
Current-year receipts	-	400 000
Conditions met - transferred to revenue	(307 484)	(692 516)
	<b>-</b>	<b>307 484</b>
Conditions still to be met - remain liabilities (see note 13)		
<b>LED Projects</b>		
Balance unspent at beginning of year	607 515	607 515
Conditions met - transferred to revenue	(100 979)	-
	<b>506 536</b>	<b>607 515</b>
Conditions still to be met - remain liabilities (see note 13)		
<b>Incentive Grant</b>		
Current-year receipts	1 780 000	4 485 000
Conditions met - transferred to revenue	(1 780 000)	(4 485 000)
	<b>-</b>	<b>-</b>
Conditions still to be met - remain liabilities (see note 13)		
<b>Music Festival</b>		
Current-year receipts	400 000	500 000
Conditions met - transferred to revenue	(400 000)	(500 000)
	<b>-</b>	<b>-</b>
<b>Provincial: Seeta</b>		
Current-year receipts	170 782	167 526
Conditions met - transferred to revenue	(170 782)	(167 526)
	<b>-</b>	<b>-</b>
<b>Other Grants</b>		
Balance unspent at beginning of year	268 835	445 515
Current-year receipts	-	280 000
Conditions met - transferred to revenue	(199 456)	(456 680)
	<b>69 379</b>	<b>268 835</b>
Conditions still to be met - remain liabilities (see note 13).		

## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
<b>24. Government grants and subsidies (continued)</b>		
<b>Nature Reserve / Greenest Town</b>		
Balance unspent at beginning of year	-	143 437
Conditions met - transferred to revenue	-	(143 437)
	-	-
<b>25. Public contributions and donations</b>		
Donations	30 000	720 500
<b>26. Fine receipts</b>		
Library fines	42	274
Traffic fines	1 292 215	520 986
Traffic licenses	1 444 846	1 300 034
	<b>2 737 103</b>	<b>1 821 294</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

### 27. Employee related costs

Basic	59 848 261	56 671 508
Bonus	2 740 917	2 555 181
Medical aid - municipal contributions	2 097 115	1 884 514
UIF	484 563	463 447
SDL	30 668	30 015
Leave pay accrual charge	1 678 489	1 189 849
Provision for long service	808 906	317 756
Defined benefit obligation	7 022 293	6 684 464
Overtime payments	1 977 378	1 600 563
Other allowances	37 000	35 600
Car allowance	2 646 871	3 083 619
Housing benefits and allowances	1 197 653	1 396 643
	<b>80 570 114</b>	<b>75 913 159</b>

Post employment benefits comprises an amount of R7 022 293 (2015: R6 684 464) which are pension payments.

### Remuneration of Municipal Manager

Annual Remuneration	1 173 316	1 034 875
Car Allowance	255 000	300 000
Performance Bonuses	120 139	-
Contributions to UIF, Medical and Pension Funds	1 785	1 785
	<b>1 550 240</b>	<b>1 336 660</b>

Dr D.C.T Nakin served as Municipal Manager for the entire period under review.

### Remuneration of Chief Financial Officer

Annual Remuneration	887 598	815 792
Car Allowance	210 000	210 000
Performance Bonuses	-	48 028
Contributions to UIF, Medical and Pension Funds	1 785	1 785
	<b>1 099 383</b>	<b>1 075 605</b>

Mr. L. Ndzelu was the Chief Financial Officer for the entire period under review.

## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

#### 27. Employee related costs (continued)

##### Remuneration of Corporate Services Manager

Annual Remuneration	933 961	863 792
Car Allowance	163 636	162 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
	<b>1 099 382</b>	<b>1 027 577</b>

Mr L.T. Somtseu was the Corporate Services Manager for the entire period under review.

##### Remuneration of Community Services Manager

Annual Remuneration	674 665	737 792
Car Allowance	240 000	288 000
Contributions to UIF, Medical and Pension Funds	1 636	1 785
	<b>916 301</b>	<b>1 027 577</b>

Mr S.M. Mbedla served as Community Services Manager until 30 April 2016.

##### Remuneration of the EDP Manager (Ms G.R Tobia)

Annual Remuneration		809 221
Car Allowance	-	132 000
Contributions to UIF, Medical and Pension Funds	-	24 564

##### Remuneration of the EDP Manager (Mr V Ndaba)

Allowance for acting position	91 680	17 589
-------------------------------	--------	--------

##### Remuneration of the EDP Manager (Mrs B Ntloko)

Allowance for acting position	56 523	-
	<b>148 203</b>	<b>983 374</b>

Ms G.R. Tobia was the EDP Manager from July 2014 until 8 June 2015.

Mr V Ndaba was the acting EDP Manager from the 9 June 2015 until 31 August 2015 and again from 1st December 2015 until 29 February 2016.

Mrs B Ntloko was the acting EDP Manager from the 1st of September 2015 until 30 November 2015

##### Remuneration of the Infrastructure Manager

Annual Remuneration	869 598	797 792
Housing allowance	96 000	96 000
Car Allowance	132 000	132 000
Contributions to UIF, Medical and Pension Funds	1 785	1 785
	<b>1 099 383</b>	<b>1 027 577</b>

Mr M. Somi was the Infrastructure Manager for the entire period under review.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

### 27. Employee related costs (continued)

#### Staff leave benefits

Municipal Manager	174 268	134 105
Chief Financial Officer	47 181	42 682
Corporate Services Manager	126 146	134 600
Community Services Manager	-	107 199
EDP Manager	-	6 810
Infrastructure Manager	140 582	148 064
	<b>488 177</b>	<b>573 460</b>

### 28. Remuneration of councillors

Mayor	568 359	535 271
Speaker	209 721	185 680
Chief Whip	426 229	407 754
MPAC Chair	397 891	380 809
Executive Committee	2 615 173	2 277 868
Councillors	6 491 883	6 691 149
Company contributions to UIF, medical aid and pension fund	723 525	681 666
Sundry Allowances (Cellular phones, housing and vehicles)	5 064 146	4 776 547
	<b>16 496 927</b>	<b>15 936 744</b>

### Changes in Councillors' positions during the financial year

1. Cllr T.S. Stuurman passed on, on the 28th of June 2015. Cllr J.T Tshabalala was elected on the 1st of October 2015.
2. Cllr L.D Shemane passed on, on the 31st of May 2016. A new Cllr was not yet elected in place of Cllr Shemane.

### 29. Remuneration of traditional leaders

Remuneration of traditional leaders	378 000	-
-------------------------------------	---------	---

### 30. Depreciation and amortisation

Property, plant and equipment	22 597 920	20 640 873
Intangible assets	251 758	278 400
	<b>22 849 678</b>	<b>20 919 273</b>

### 31. Finance costs

Late payments	5 439	15 300
---------------	-------	--------

### 32. Debt impairment

Contributions to debt impairment provision	6 682 271	2 249 057
--	-----------	-----------



# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

### 33. Repairs and maintenance

Repairs on buildings	1 441 659	913 793
Repairs on equipment	388 152	170 455
Repairs on mains	1 032 494	514 668
Repairs on plant and vehicles	1 389 276	1 303 771
Repairs on roads	6 902 538	9 641 319
Repairs on streetlights	136 001	47 889
	<b>11 290 120</b>	<b>12 591 895</b>

### 34. Bulk purchases

Electricity	34 110 668	28 923 865
-------------	------------	------------

Bulk purchases are the cost of commodities not generated by the municipality, which the municipality distributes in the municipal area for resale to consumers. Electricity is purchased from Eskom. The municipality incurred electricity line losses of R 1,022,290.44 at a percentage of 4.54% (2015: 6.23%) in the current year. The technical losses is R 743,074.55 (3.3%) and the non-technical losses are R 279,215.89(1.24%)

Water is supplied directly to residents and businesses by the district municipality.

### 35. Contracted services

Maintenance Agreements	15 099 373	13 477 250
------------------------	------------	------------

### 36. Conditional grants - Operating expenditure

#### Grants paid for projects and IDP

IDP	145 004	148 263
Desrac Grant	44 916	129 710
Nature Reserve Fencing	-	143 437
Mokhosi Milling Project	100 979	-
Small town and rural village	46 273	26 025
EPWP incentive	1 780 000	4 483 634
Vuna Awards	-	114 035
Music Festival	400 000	500 000
SEETA	170 782	11 700
Other grants and subsidies paid	165	809 003
	<b>2 688 119</b>	<b>6 365 807</b>

#### Other grants and subsidies

FBS Electricity	7 981 192	7 892 689
LED	17 972	94 029
FBS Refuse	1 549 897	1 995 456
MIG Salaries	1 753 784	1 524 967
MSIG	816 404	840 777
Grain Storage	-	609 857
FMG	1 498 865	1 494 777
Spatial Development	141 039	106 800
FAR, Revenue & Exp Enhancement	2 069 439	2 638 868
	<b>15 828 592</b>	<b>17 198 220</b>
	<b>18 516 711</b>	<b>23 564 027</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
<b>37. General expenses</b>		
Advertising	2 040 433	1 227 685
Auditors remuneration	3 531 853	3 821 754
Bank charges	281 031	231 521
Chemicals	109 253	1 215 599
Conferences and seminars	1 662 592	2 019 161
Consulting and professional fees	14 963 153	11 954 948
Consumables	2 535 785	561 947
Contribution to bonus and post retirement provision	2 090 793	1 306 949
Delegates expenses	6 344 641	4 654 579
Electricity	656 223	404 411
Entertainment	-	320 253
Farming	-	33 963
Fuel and oil	2 532 631	2 477 364
Hire	156 250	96 500
Insurance	795 026	556 950
Motor vehicle expenses	87 054	178 563
Obsolete stock written off	2 657	11 710
Other expenses	382 048	172 496
Postage and courier	135 517	151 077
Printing and stationery	1 032 380	944 342
Project maintenance costs	5 503 118	3 986 947
Public participation	217 301	350 637
Resealing	1 312 145	1 251 333
Subscriptions and membership fees	1 931 798	915 470
Telephone and fax	2 564 758	2 113 744
Training	2 533 056	2 690 288
Uniforms	495 762	174 148
Venue expenses	129 569	214 372
	<b>54 026 827</b>	<b>44 038 711</b>
<b>38. Cash generated from operations</b>		
Surplus	100 007 145	61 131 147
<b>Adjustments for:</b>		
Depreciation and amortisation	22 849 678	20 919 273
Loss on sale of assets and liabilities	285 707	79 447
Debt impairment	6 682 271	2 249 057
Movements in retirement benefit assets and liabilities	2 090 793	1 238 827
Movements in provisions	903 971	787 941
Transfers from PPE	-	(89 500)
Movement in retained earnings	-	(122 779)
Write back of stale cheques	11 850	21 660
Retention Adjustment	-	20 604
<b>Changes in working capital:</b>		
Inventories	(289 896)	(128 661)
Consumer debtors	(20 200 390)	(9 418 770)
Other receivables from non-exchange transactions	458 261	(1 203 411)
Prepayments	(309 008)	2 748 731
Payables from exchange transactions	1 314 726	8 684 860
VAT	7 079 011	(7 011 731)
Consumer deposits	(16 725)	57 442
Unspent conditional grants and receipts	(1 774 991)	(2 891 825)
	<b>119 092 403</b>	<b>77 072 312</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

### 39. Unauthorised expenditure

Opening balance	-	9 679 923
Approved by Council or condoned	-	(9 679 923)
	-	-

There is no unauthorised expenditure in the current year.

Impairment loss not budgeted for in the prior year.

### 40. Fruitless and wasteful expenditure

Opening balance	2 331	1 830
Fruitless and wasteful expenditure - current year	5 439	15 300
Less: amounts approved for write-off by council	(2 331)	(14 799)
	5 439	2 331

All fruitless and wasteful expenditure incurred was as a result of interest / penalties charged on late payments. A schedule of these items are available at the municipal offices.

### 41. Irregular expenditure

Opening balance	-	7 489 689
Add: Irregular expenditure - current year	-	3 270 000
Less: amounts approved for write-off by council	-	(10 759 689)
	-	-

The municipality was not engaged in any transaction or event during the year under review that constitutes irregular expenditure.

### 42. Section 32 procurement

#### 2016

Egxen Engineering  
 Secrete Steps Trading (Pty) Ltd  
 KGZ Services CC  
 Maxitec  
 TS Credit Consulting (Pty) Ltd t/a Trifecta Capital Collection  
 Innovations Government Software Solutions

#### 2015

Bell Equipment Sales SA LTD  
 Rock Powerline Electrical  
 Bantubanye Skills  
 Interwaste (PTY) LTD  
 Parallex Management Consultants

During the current year the Municipality chose to utilise the provisions of section 32 (s32) of the Supply Chain Regulations to award tenders to companies using the competitive bidding process of other Municipalities. The above companies were appointed by way of use of this provision. All sections of the provisions were adhered to in the awarding of bids.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

### 43. Additional disclosure in terms of Municipal Finance Management Act

#### Contributions to organised local government

Current year subscription / fee	763 330	838 196
Amount paid - current year	(763 330)	(838 196)
	-	-

#### Audit fees

Current year subscription / fee	3 531 853	3 820 254
Amount paid - current year	(3 531 853)	(3 820 254)
	-	-

#### PAYE and UIF

Current year subscription / fee	14 379 721	13 545 623
Amount paid - current year	(14 379 721)	(13 545 623)
	-	-

#### VAT

VAT receivable	7 682 278	14 761 289
----------------	-----------	------------

VAT output payables and VAT input receivables are shown in note 4.

All VAT returns have been submitted by the due date throughout the year.

#### Councillors' arrear consumer accounts

The following Councillors had arrear accounts outstanding for more than 90 days at 30 June 2016:

30 June 2016	Outstanding less than 90 days R	Outstanding more than 90 days R	Total R
MM Mbobo	470	-	470
NE Kotelana	235	-	235
SM Ndukwana	117	-	117
GN Kotelana	227	-	227
SM Mzozoyana	353	10	363
S Mavuka	822	170	992
PG Muir	1 153	-	1 153
MN Mshuqwana	117	-	117
AM Saliwawikwa (M Mamlela)	686	74 991	75 677
JM Mlandu	117	34	151
M Lebesse	117	-	117
	<b>4 414</b>	<b>75 205</b>	<b>79 619</b>

The property is registered under the name of Mr.M. Mamlela who is the same person as Mr. A.M. Saliwawikwa.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

### 43. Additional disclosure in terms of Municipal Finance Management Act (continued)

#### Supply chain management regulations - Deviations

In terms of section 36(2) of the Municipal Supply Chain Management Regulations any deviation from the Supply Chain Management Policy needs to be approved by the Municipal Manager and be reported to Council for noting.

#### Incident

In an emergency	4 124 888	779 565
If such goods or services are produced or available from single provider only	419 623	253 215
In any other exceptional case where it is impractical or impossible to follow official procurement processes	22 521 019	15 168 875
	<b>27 065 530</b>	<b>16 201 655</b>

### 44. Commitments

#### Authorised capital and operational expenditure

#### Already contracted for but not provided for

• Capital	60 815 911	101 877 855
• Operational	46 585 271	53 804 406
	<b>107 401 182</b>	<b>155 682 261</b>

#### Total capital commitments

Already contracted for but not provided for	107 401 182	155 682 261
---	-------------	-------------

This committed expenditure relates to property and will be financed by available bank facilities, retained surpluses, rights issue of shares, issue of debentures, mortgage facilities, existing cash resources, funds internally generated, etc.

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

### 45. Contingencies

#### LIABILITIES

##### TCN Architects CC vs Matatiele Local Municipality

We are being sued for non payment for services rendered. The estimated cost is R326 234 plus 15.5% interest per annum.

##### Matatiele Golf Club vs Matatiele Local Municipality

The Municipality instructed the Attorneys to challenge the validity of the Golf Club Lease. The estimated cost is R150 000.

##### M Moshoeshoe vs Matatiele Local Municipality

We received a letter of demand for damages of his truck which collided with one of the Municipal vehicles and also claiming loss of income. The estimated cost is R4 400 000.

##### Diko van de Merve CC vs Matatiele Local Municipality

The Municipality is being sued for non payment by a service provider. The potential liability is R463 348.

##### Rashid Shaik vs Matatiele Local Municipality

Mrs Rashida declared a dispute for unfair dismissal. The estimated cost is R1 000 000.

##### Matatiele Local Municipality vs CyasSound Events Management

The estimated cost for the suit is R46 000.

##### Mr D Paton vs Matatiele Local Municipality

The estimated cost for the suit is R150 000.

##### N B Matshoba vs Matatiele Local Municipality

The estimated cost for the suit is R250 000.

##### Two Sisters Construction CC vs Matatiele Local Municipality

The estimated cost for the suit is R742 013.

##### Zincede Ngokwakho Housing CC vs Matatiele Local Municipality

The estimated cost for the suit is R100 000. There is an 80% chance of recovery of these costs.

##### M L Hans vs Matatiele Local Municipality

The estimated costs for the suit is R80 000.

##### SAMWU II vs Matatiele Local Municipality

The estimated costs for the suit is R50 000.

#### ASSETS

##### Matatiele Local Municipality vs Desia Thurston

Ms Desia was dismissed for fraud. The estimated amount realisable is R85 000.

## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

#### 45. Contingencies (continued)

##### Matatiele Local Municipality vs VH Sokupola and 66 others

The estimated amount realisable is R25 000.

##### Matatiele Local Municipality vs ST Mzozoyana

An attorney was instructed to represent the municipality in claiming Mr Mzozoyana regarding non payment of municipal services and rates for 4 properties. The estimated amount realisable is R40 000.

##### Matatiele Local Municipality vs Pension Fund - Xoliswa Marubelela

The estimated amount realisable is R20 000.

##### Matatiele Local Municipality vs Pension Fund - Gayle O'Reilly

The estimated amount realisable is R50 000.

#### 46. Related parties

Community liaison officer

Spouse

Accountant - Payroll

Spouse

Xolani Faniso, spouse of the Community Liaison officer of the municipality, who is also a member of Bathokozeleni Trading CC, were appointed on the 13th January 2015 to provide services relating to grass cutting. Current year expenditure relating to the above amounted to R408 419. Xolani Faniso is also a member in Shakes and Xolanis Construction, who were appointed to perform stadium renovations at Thandanani. Current year expenditure incurred amounted to R 767 121.09

Taelo Letseka, the spouse of the Accountant - Payroll of the municipality (1 November 2012 - Current), is a member of Sweet Dreams Trading who were appointed to provide grass cutting and cleaning services of various Municipal properties, the expenditure incurred amounted to R1 205 000.

Councillors and/or management of the municipality had no relationship with businesses to management's best knowledge.

#### 47. In-kind donations and assistance

The municipality was not engaged in any transaction or event during the year under review involving in-kind donations.

#### 48. Events after the reporting date

There were no events that occurred after the reporting date.

#### 49. Risk management

##### Liquidity risk

The municipality's risk to liquidity is a result of the funds available to cover future commitments. The municipality manages liquidity risk through an ongoing review of future commitments and credit facilities.

At 30 June 2016

Trade and other payables

Less than 1 year	Between 1 and 2 years	Between 2 and 5 years	Over 5 years
29 489 364	-	-	-

## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand	2016	2015
-----------------	------	------

#### 49. Risk management (continued)

##### Credit and Interest risk

Credit and Interest risk consists mainly of cash deposits, cash equivalents, derivative financial instruments and trade debtors. The municipality only deposits cash with major banks with high quality credit standing and limits exposure to any one counter-party.

Trade receivables comprise a widespread customer base. Management evaluated credit risk relating to customers on an ongoing basis. If customers are independently rated, these ratings are used. Otherwise, if there is no independent rating, risk control assesses the credit quality of the customer, taking into account its financial position, past experience and other factors. The utilisation of credit limits is regularly monitored. Sales to retail customers are settled in cash.

Financial assets exposed to credit and interest risk at year end were as follows:

Financial instrument	2016	2015
Trade receivables	31 723 843	18 205 724
Nedbank	5 742 709	(6 289 863)
Standard Bank	155 231	7 211 214
First National Bank	317 284	7 532 044
Short term investments	42 194 080	22 032 016



# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

### 50. Financial instruments disclosure

#### Categories of financial instruments

#### 2016

##### Financial assets

	At fair value	At amortised cost	Total
Trade receivables	-	7 682 278	7 682 278
Other receivables from non-exchange transactions	-	13 390 309	13 390 309
Consumer debtors	-	57 769 072	57 769 072
Cash and cash equivalents	48 410 554	-	48 410 554
	<b>48 410 554</b>	<b>78 841 659</b>	<b>127 252 213</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	29 322 040	29 322 040

#### 2015

##### Financial assets

	At fair value	At amortised cost	Total
Trade and other receivables from exchange transactions	-	14 761 289	14 761 289
Other receivables from non-exchange transactions	-	10 509 170	10 509 170
Consumer debtors	-	50 325 306	50 325 306
Cash and cash equivalents	30 486 661	-	30 486 661
	<b>30 486 661</b>	<b>75 595 765</b>	<b>106 082 426</b>

##### Financial liabilities

	At amortised cost	Total
Trade and other payables from exchange transactions	23 641 494	23 641 494

#### Fair value information

The management of the municipality is of the opinion that the carrying value of Financial Assets and Financial Liabilities recorded at amortised cost in the Annual Financial Statements approximate their fair values. The fair value of Financial Assets and Financial Liabilities were determined after considering the standards terms and conditions of agreements entered into between the municipality and other parties as well as the current payment ratios of the municipality's debtors.

#### Fair value hierarchy of financial assets at fair value

##### Transfers out of level 1

Short term deposits	42 194 080	22 032 016
Bank balances and cash	6 215 224	8 453 396
	<b>48 409 304</b>	<b>30 485 412</b>

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

### 51. Operating lease

The Municipality had the following operating leases in the current year:

Kokstad Copiers - The lease is held on a monthly basis. No outstanding commitment exists.

Konica Minolta - The lease is held on a monthly basis. No outstanding commitment exists.

Nedbank - for a period of 36 months. At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Within one year :	R39 474
In the second to fifth year inclusive:	-

Telkom:

Within one year:	R574 485
In the second to fifth year inclusive:	R957 475

Kokstad Copiers lease 2- for a period of 36 months. At the reporting date the entity has outstanding commitments under operating leases which fall due as follows:

Within one year :	R48 411
In the second to fifth year inclusive:	R48 411

### 52. Key Sources of Estimation Uncertainty and Judgements

The following areas involve a significant degree of estimation uncertainty:

Useful lives and residual values of property, plant, and equipment  
Recoverable amounts of property, plant and equipment  
Provision for rehabilitation of landfill sites (discount rate used, number of years, amount of cash flows)  
Present value of defined benefit obligation  
Fair value of plan assets  
Provision for doubtful debts  
Impairment of assets  
Provision for long-term service award

The following areas involved judgements, apart from those involving estimations disclosed above, that management has made in the process of applying the entity's accounting policies and that have the most significant effect on the amounts recognised in the financial statements:

Impairment of assets  
Provisions

### 53. Change in accounting policy

GRAP 100 - Non current assets held for sale was withdrawn for periods beginning after 1 April 2015. Accordingly, a change in accounting policy has been applied and the relevant assets disclosed under investment property as required.

The change in accounting policy resulted in the following prior year adjustments

Non current assets held for sale	-	(2 665 500)
Land and buildings	-	89 500
Investment property	-	2 576 000

# Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

## Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

### 54. Budget differences

#### Material differences between budget and actual amounts

##### Income

Property rates - the difference is as a result of income forgone

Rental of facilities and equipment - North End stadium was closed for 6 months due to bad sewerage system that needed to be fixed.

Interest on investments - Cost cutting measures resulted in more funds available for investment

Interest on rates - write off of Maluti debt

Licenses and permits - upgrade of testing grounds

Other income - more revenue collected on music festival than anticipated

##### Expenditure

Employee related cost - not all the posts which were budgeted for were filled

Depreciation - not all the assets that were supposed to be purchased were purchased

Repairs and Maintenance - EPWP programme ran for 10 months, the budget was for 12 months

Contracted Services - Free Basic Service( alternative energy ) tender delayed due to non responsive bids

Conditional grants - operating expenditure - The unspent portion Election grant to be spent in the next financial period ,

Service provider for FBS to be appointed

General Expenses - Cost cutting measures were put in place and adhered to by department

### 55. Prior period errors

The correction of error relates to the Alfred Nzo payable which was incorrectly offset against receivables.

Correction of errors resulted in the following prior year adjustments

#### Statement of financial position

##### Payables from exchange transactions

Prior year adjustment

- (34 544)

##### Property, Plant and Equipment

Adjustment

- 135 500

##### Investment Property

Adjustment

- (135 500)

##### Other Receivables from non-exchange transactions

Previously stated

- 91 167

##### Opening retained earnings

Adjustment

- (32 059)

## Matatiele Local Municipality

Unaudited Annual Financial Statements for the year ended 30 June 2016

### Notes to the Unaudited Annual Financial Statements

Figures in Rand

2016

2015

#### 55. Prior period errors (continued)

##### Statement of Financial Performance

##### Repairs and maintenance

Adjustment

- (67 000)

##### General expenses

Adjustment

- 7 000

##### Contracted services

Adjustment

- 60 000

##### Employee related costs

Adjustment

- 34 097

**Matatiele Local Municipality**

**APPENDIX A**

**SCHEDULE OF EXTERNAL LOANS**

as at 30 June 2016

EXTERNAL LOANS	Loan number	Redeemable Date	Balance at 30 June 2015	Received during the period	Redeemed / written off during the period	Balance at 30 June 2016	Carrying Value of Property, Plant & Equipment	Other Costs in accordance with MFMA
<b>LONG-TERM LOANS</b>								
	Stock Loan @ x% 2							
	Stock Loan @ x% 3							
	Stock Loan @ x% 4							
	Stock Loan @ x% 5							
	Stock Loan @ x% 6							
	Stock Loan @ x% 7							
	Stock Loan @ x% 8							
	<b>Total long-term loans</b>							
<b>ANNUITY LOAN</b>								
	Sanlam @ x%							
<b>GOVERNMENT LOANS</b>								
	- Other @ x%							
	<b>Total Government Loans</b>							
<b>TOTAL EXTERNAL LOANS</b>								

**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**

**Matatiele Local Municipality**

**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
for the year ended 30 June 2016

	Cost / Revaluation				Accumulated Depreciation and Accumulated Impairment						Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss	Closing Balance	Transfers	
<b>Land</b>	78,224,929	-	-	-	78,224,929	4,980,742	1,144,665	-	-	6,125,407	312,823	72,412,345
Land												
Landfill Sites												
Quarries												
<b>Buildings</b>	78,224,929	-	-	-	78,224,929	4,980,742	1,144,665	-	-	6,125,407	312,823	72,412,345
<b>Infrastructure</b>												
Drains	115,431,644	1,116,073	-383,933		116,163,784	26,701,846	4,211,537	-31,171		30,882,311	11,494,338	96,775,811
Roads	76,954,429	744,049			77,698,478	17,801,230	2,807,758	-		20,608,988	7,662,692	64,752,382
Sewerage Mains & Purification												
Electricity Mains	38,477,215	372,024			38,849,239	8,900,615	1,403,879	-		10,304,494	3,831,446	32,376,191
Electricity Peak Load Equip												
Water Mains & Purification	96,193,037	930,061			97,123,098	22,251,538	3,509,697	-		25,761,235	9,578,615	80,940,477
Reservoirs – Water												
Water Meters	57,715,822	568,036			58,273,859	13,350,923	2,105,618	-		15,456,741	5,747,169	48,564,286
Storm Water												
Under construction												
<b>Community Assets</b>	384,772,147	3,720,243	-383,933	-	388,108,457	89,006,152	14,038,790	-31,171	-	103,013,771	38,314,460	323,409,147
Parks & Gardens	34,137,040	372,508			34,509,548	7,691,807	1,256,191			8,947,997	623,231	26,184,781
Libraries	39,013,760	425,724			39,439,484	8,790,636	1,435,647			10,226,283	712,264	29,925,464
Recreation Grounds												
Civic Buildings	9,753,440	106,431			9,859,871	2,197,659	358,912			2,556,571	178,066	7,481,366
Stadiums												
Halls	7,802,752	85,145			7,887,897	1,758,127	287,129			2,045,257	142,453	5,985,093
Theatre												
Swimming Pools	6,827,408	74,502			6,901,910	1,538,361	251,238			1,789,599	124,646	5,236,956
Cemeteries												
<b>Total carried forward</b>	97,534,400	1,064,309	-	-	98,598,709	21,976,590	3,589,117	-	-	25,565,707	1,780,659	74,813,661
	560,531,476	4,784,552	-383,933	-	564,932,095	115,963,484	18,772,571	-31,171	-	134,704,864	40,407,942	470,635,153

**Matatiele Local Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
for the year ended 30 June 2016

	Cost / Revaluation				Accumulated Depreciation					Other movements	Carrying Value	
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss			Closing Balance
Total brought forward	560,531,476	4,784,552	-	-	565,316,028	115,963,484	18,933,574	-	-	134,897,058	40,407,942	470,826,912
Other Assets												
Office Equipment	16,695,478	1,485,252	-1,109,053	-	17,071,677	5,124,931	1,338,872	-841,219	-	5,622,584	-	11,449,092
Furniture & Fittings	14,310,410	1,273,073	-	-	15,583,483	4,392,798	1,147,605	-	-	5,540,403	-	10,043,080
Bins and Containers	7,155,205	636,536	-	-	7,791,741	2,196,399	573,802	-	-	2,770,201	-	5,021,540
Emergency Equipment	5,962,671	530,447	-	-	6,493,118	1,830,333	478,169	-	-	2,308,501	-	4,184,617
Motor vehicles	3,577,602	318,288	-	-	3,895,871	1,098,200	286,901	-	-	1,385,101	-	2,510,770
Fire engines												
Refuse tankers												
Computer Equipment												
Computer Software (part of computer equipment)												
Other Assets												
Work in progress	47,701,366	4,243,576	-1,109,053	-	50,835,889	14,642,661	3,825,348	-841,219	-	17,626,790	-	33,209,099
Community Assets	10,189,510	12,226,911	-	-	22,416,321						-2,845,630	19,570,691
Land and Buildings					32,341,708							32,341,708
Infrastructure Assets					164,085,307							126,522,896
	126,368,070	92,475,265	-	-	218,843,335	-	-	-	-	-	-38,281,467	178,435,395
Total	734,600,912	101,503,393	-1,492,986	-	834,611,320	130,606,145	22,597,920	-872,390	-	152,331,676	2,126,475	682,279,647

**Matatiele Local Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
for the year ended 30 June 2016

	Cost / Revaluation				Accumulated Depreciation and Accumulated Impairment						Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of impairment loss	Closing Balance	Transfers	
<b>Land</b>												
Land	61,526,922	-	-	-	61,526,922	4,326,561	654,181	-	-	4,980,742	16,473,007	73,244,187
Landfill Sites												-
Quarries												-
<b>Buildings</b>												
	61,526,922	-	-	-	61,526,922	4,326,561	654,181	-	-	4,980,742	16,473,007	73,244,187
<b>Infrastructure</b>												
Drains	108,491,208	1,091,485	-20,362		109,562,331	22,767,354	3,935,604	-3,707	-	26,699,251	5,855,060	100,004,699
Roads	72,327,472	727,657			73,055,129	15,178,236	2,623,736	-	-	17,801,972	3,903,373	128,577,470
Sewerage Mains & Purification												
Electricity Mains	9,040,934	90,957			9,131,891	1,897,279	327,967	-	-	2,225,246	487,922	28,572,771
Electricity Peak Load Equip												
Water Mains & Purification	90,408,340	909,571			91,318,911	18,972,795	3,279,670	-	-	22,252,465	4,879,216	17,143,663
Reservoirs – Water												
Water Meters	54,245,604	545,743			54,791,347	11,383,677	1,967,802	-	-	13,351,479	2,927,530	11,429,108
Storm Water												
Under construction												
	361,637,360	3,638,284	-20,362	-	365,255,282	75,891,179	13,113,680	-3,707	-	89,006,152	19,516,965	285,727,710
<b>Community Assets</b>												
Parks & Gardens	28,031,118	568,574			28,599,692	5,538,125	1,054,852			6,592,977	660,629	22,667,343
Libraries	14,015,559	284,287			14,299,846	2,769,062	527,426			3,296,489	330,314	11,333,672
Recreation Grounds												
Civic Buildings	9,343,706	189,525			9,533,231	1,846,042	351,617			2,197,659	220,210	7,555,781
Stadiums												
Halls	23,359,265	473,811			23,833,076	4,615,104	879,044			5,494,148	550,524	18,889,453
Theatre												
Swimming Pools	18,667,412	379,049			19,066,461	3,662,083	703,235			4,395,318	440,419	15,111,562
Cemeteries												
<b>Total carried forward</b>	93,437,060	1,895,245	-	-	95,332,305	18,460,416	3,516,174	-	-	21,976,590	2,202,095	75,557,810
	516,601,342	5,533,529	-20,362	-	522,114,509	98,678,156	17,283,035	-	-	115,963,484	38,191,967	434,529,707



**Matatiele Local Municipality**  
**APPENDIX B**  
**ANALYSIS OF PROPERTY PLANT AND EQUIPMENT**  
for the year ended 30 June 2016

	Cost / Revaluation				Accumulated Depreciation					Transfers	Other movements	Carrying Value
	Opening Balance	Additions	Disposals	Under Construction	Closing Balance	Opening Balance	Depreciation	Disposals	Impairment loss/Reversal of Impairment loss	Closing Balance		
<b>Total brought forward</b>	516,601,342	5,533,529	-20,362	-	522,114,509	98,678,156	17,289,035	-	-	115,983,484	38,191,967	434,529,707
<b>Other Assets</b>												
Office Equipment	13,493,908	3,235,771	-34,201		16,695,478	3,272,117	1,010,630	-10,477		4,272,270		12,423,208
Furniture & Fittings	11,566,207	2,773,518	-29,315		14,310,410	4,207,007	1,299,382	-8,980		5,497,409		8,813,001
Bins and Containers												
Emergency Equipment	5,783,103	1,386,759	-14,658		7,155,205	934,890	286,752	-4,490		1,219,152		5,936,053
Motor vehicles												
Fire engines	4,819,253	1,155,633	-12,215		5,962,671	560,934	173,251	-3,742		730,444		5,232,227
Refuse tankers												
Computer Software (part of computer equipment)	2,891,552	693,380	-7,329		3,577,602	373,956	115,501	-2,245		487,212		3,090,391
Other Assets												-
<b>Work in progress</b>												
Community Assets	38,554,023	9,245,081	-97,718	-	47,701,386	11,320,757	3,351,837	-29,933	-	14,642,661	-	33,058,705
Land and Buildings	5,969,278	7,690,327			13,659,605						-2,202,095	11,457,510
Infrastructure Assets	13,159,446	27,664,925			35,253,456						18,373,007	18,780,449
	59,922,154	36,644,333			115,738,476						16,516,692	96,219,611
	75,080,862	89,558,675	-	-	164,649,537	-	-	-	-	-	-38,191,967	126,457,570
<b>Total</b>	<b>630,246,227</b>	<b>104,337,265</b>	<b>-118,080</b>	<b>-</b>	<b>734,465,412</b>	<b>109,998,913</b>	<b>20,640,872</b>	<b>-29,933</b>	<b>-</b>	<b>130,606,145</b>	<b>135,500</b>	<b>603,994,767</b>

**Matatiele Local Municipality**  
**APPENDIX C**  
**SEGMENTAL ANALYSIS OF PROPERTY, PLANT AND EQUIPMENT**  
as at 30 June 2016

as at 30 June 2016										
	Cost / Revaluation			Accumulated Depreciation				Carrying value		
	Opening Balance	Additions	Under Construction	Disposals	Closing Balance	Opening Balance	Additions		Disposals	Closing Balance
Executive & Council										
Finance & Admin										
Land	254,563,283	35,526,188		-522,544	289,566,926	43,166,604	7,909,272	-305,337	50,770,539	238,796,388
Infrastructure	181,830,916	25,375,848		-373,246	206,833,519	30,833,288	5,649,480	-218,098	36,264,670	170,568,848
Community & Social Services	36,366,183	5,075,170		-74,649	41,366,704	6,166,658	1,129,896	-43,620	7,252,934	34,113,770
Public Safety	109,098,550	15,225,509		-223,948	124,100,111	18,499,973	3,369,688	-130,859	21,758,802	102,341,309
Sport & Recreation										
Environmental Protection										
Waste Management										
Road Transport										
Water										
Electricity										
Other	145,464,733	20,300,679		-298,597	165,466,815	24,666,631	4,519,584	-174,478	29,011,736	136,455,079
Total	727,323,665	101,503,393	-	-1,492,984	827,334,074	123,333,154	22,597,920	-872,392	145,058,681	682,275,393

**Matatiele Local Municipality**  
**APPENDIX D**  
**SEGMENTAL STATEMENT OF FINANCIAL PERFORMANCE**  
for the year ended 30 June 2016

2015	2015	2015		2016	2016	2016
Actual Income	Actual Expenditure	Surplus / (Deficit)		Actual Income	Actual Expenditure	Surplus / (Deficit)
152,029,457	-136,644,425	15,385,032	Executive & Council	198,610,881	-83,921,240	114,689,641
7,861,036	-4,274,680	3,586,356	Finance & Admin	7,699,010	-1,830	7,697,180
533,522		533,522	Planning & Development		-39,406,795	-39,406,795
		-	Health			-
57,917,596	-47,251,559	10,666,037	Community & Social Services	65,528,119	-83,595,426	-18,067,307
1,508,615		1,508,615	Public Safety	3,672,275		3,672,275
		-	Sport & Recreation			-
		-	Environmental Protection			-
		-	Waste Management			-
		-	Road Transport	2,188,705		2,188,705
		-	Water			-
		-	Electricity			-
3,573,659	-70,810,146	-67,236,487	Other	3,896,437	-35,605,745	-31,709,308
223,423,885	-258,980,810	-35,556,925		281,595,427	-242,531,036	39,064,391
			Less: Inter-Department Charges			
223,423,885	-258,980,810	-35,556,925	Total	281,595,427	-242,531,036	39,064,391